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# Latin America Report

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## INTER-AMERICAN AFFAIRS

## BARBADOS HOPES FOR TRADE TALKS WITH TRINIDAD-TOBAGO

Port-of-Spain TRINIDAD GUARDIAN in English 21 Mar 86 p 16

[Text]

**BRIDGETOWN, March 20, Cana —** BARBADOS Minister of Trade and Industry Louis Tull says he hopes to meet with his Trinidad and Tobago counterpart, Wendell Mottley, to discuss trading problems between the two Caribbean Community (Caricom) member countries.

The disclosure followed charges and counter-charges about protectionist measures slowing down Bridgetown's and Port-of-Spain's imports.

Tull, speaking in the House of Assembly (Lower House of Parliament) yesterday on the Government's 1986-87 Estimates of Revenue and Expenditure, said he hoped to meet the Trinidad Minister in two weeks.

He said last year was a very difficult one for industry, with regional and international factors having a serious effect on the local economy.

"As far as the Trinidad market is concerned, there has been some easing of the severe restrictions with regard to Caricom trade," he said.

### Changing Rates

"We have been taking certain measures and the result is that at the end of 1985, there was a greater flow of goods."

A greater number of licences were granted by Trinidad for imports and there has also been a barely perceptible change in respect to the harmonisation of licences and EC-O's (import applications for which foreign exchange is sought).

At the same time, Tull said, this did not mean all was fine; since there were still some difficulties in returning trade between the two countries to the position it once held.

The Minister also noted trading problems with Guyana and Jamaica. He said that Barbados' trading difficulties with Jamaica were a direct result of the introduction of rapidly

changing exchange rates and a dual exchange rate which gave rise to a lack of confidence by local manufacturers in that market.

"Recently, however, the Jamaica Government has been taking new initiatives and there has been some change in the trading situation. Local manufacturers are once again targeting their goods at this market," he said.

Tull said Guyana's inability to pay for goods from Barbados was a direct result of the drying up of its foreign exchange reserves.

Tull said that towards the end of 1985 there was an improvement in the viability and fortunes of a number of Barbadian industries.

One good sign, the Minister said, is that the gloom over the electronics industry was lifting; and Intel, which indicated it would have had to close one of its offshore plants in Barbados or the Philippines, was now doing much better.

"The forecast for the electronics industry in the medium term looks good," Tull told Parliament.

### Meaningful Approach

In Port-of-Spain, Minister Mottley, said he had received a number of complaints from local manufacturers about difficult access to the Barbados market for their products.

He said the complaints were made during Prime Minister George Chambers's tour of export-related companies.

Mottley said that a meaningful approach would be made by Trinidad and Tobago to improve access to the market.

"We have received extremely strong complaints about refusal to allow products from Trinidad into the Barbados market," said Mottley, either outright refusals or through mechanisms being employed in Barbados which have the effect of shutting out Trinidad products and some of these complaints go back, they say, to early in 1985."

He added: "I am not keen on getting involved in tit for tat with any Caricom (Caribbean Community) country and I am trying to preserve that."

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CSO: 3298/381

ARGENTINA

REACTION TO U.S. PRESENCE OFF LIBYAN WATERS

UCR Deputy Criticizes U.S.

PY270228 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0155 GMT 27 Mar 86

[Text] Buenos Aires, 26 Mar (NA)--Radical Civic Union [UCR] leader Federico Storani, chairman of the Foreign Affairs Committee of the Chamber of Deputies, today criticized the U.S. presence in Libyan waters by stating that "Argentina, like Libya, also demands sovereignty over a 200-mile zone." He warned that "to stage military maneuvers in this zone is a provocation."

Storani added that "regardless of the political nature of the conflict, the Libyan demand for sovereignty over the 200-mile zone is the same as our own demand, based on the last Law of the Sea Treaty."

He said that "to stage military maneuvers in Libyan territorial waters is a provocation."

Storani said that "the United States must stop going into the Gulf of Sidra because this may widen the conflict in the Mediterranean area, where many bases housing large quantities of nuclear weapons are located."

As for the future evolution of the conflict, Storani said that "the response of the United States should be to avoid anything that may prolong the conflict," but he personally discarded the possibility that the episode might escalate into a worldwide conflagration.

Storani further said: "My opinion is that the conflict is closed, but one should notice that once the military machine starts, a situation that is hard to control can develop."

Lastly, Storani said that "the United States has wanted to give a lesson by demonstrating its great deterrent power." He added that "this is not, however, a method indicated by international law."

### Deputy Defends Libyan Position

PY271448 Buenos Aires TELAM in Spanish 0224 GMT 27 Mar 86

[Text] Buenos Aires, 26 Mar (TELAM)--Deputy Miguel Montserrat of the Intransigent Party [PI] this afternoon condemned the armed U.S. transgression of Libyan jurisdictional waters, and he requested the Argentine Government to take a firm position in the face of this imperialist excess by demanding that the U.S. Government cease its aggression.

Montserrat criticized U.S. arrogance which has now led it to commit the criminal act of bombing Libyan territory, violating international law, and once again threatening humanity with the serious danger of a nuclear war.

In a communique, the deputy upheld Libya's right to defend the sovereignty of its 200 miles of territorial waters and recalled that this principle is also maintained by Argentina and the rest of the Latin American countries.

### PJ Expresses Solidarity

PY270112 Buenos Aires TELAM in Spanish 1952 GMT 26 Mar 86

[Text] Buenos Aires, 26 Mar (TELAM)--Senator Vicente Leonidas Saadi, the first vice president of the Justicialist Party National Council [PJ], this afternoon expressed the PJ's solidarity with Libya by labeling the U.S. attack as illegitimate aggression.

Saadi this afternoon went to the Libyan Embassy in Buenos Aires and upon leaving, explained that his visit was in answer to the solidarity shown by Libya with Argentina during the Malvinas war with Great Britain.

Saadi said that after the clashes in the last few days between Libya and the United States in the Mediterranean, the Argentine Government's deafness regarding this conflict demands our attention because it has not yet made a statement on this issue. Saadi added: We are either for liberation, against imperialism, and colonialism, and for the self-determination of peoples, or we resign ourselves to slavery.

Saadi also said that the PJ in addition to verbally expressing solidarity with Libya, will also publicly release a written declaration in the next few days.

Saadi talked in the Libyan Embassy with the embassy's cultural secretary, Adelnabi Sadik. Saadi was accompanied by Senator Alberto Rodriguez Saa and adviser Julio Mera Figueroa.

As he ended the meeting with Saadi, Sadik pointed out Libya's will to continue fighting the aggression delivered by the United States through its Sixth Fleet. He said that Libya is fighting for a just cause, which is the recovery of what belongs to it, and this is why it will proceed.

He added that all those who know the truth of the situation in Libya are supporting us, and all those who are under U.S. domination receive information from U.S. agencies and publish it to show that they are in favor of the United States.

Asked what may happen if the confrontation continues, Sadik said that given the difference between a small country like Libya and a major power like the United States, his country's situation was very delicate.

#### Argentine Communists Condemn U.S.

PY261640 Buenos Aires DYN in Spanish 1550 GMT 26 Mar 86

[Text] Buenos Aires, 26 Mar (DYN)--The Argentine Communist Party [PCA] Central Committee has condemned "the U.S. war-mongering provocation against Libya" and urged the Argentine Government to "actively participate in stopping the aggressive madness of Yankee imperialism."

In a communique signed by Secretary General Achos Fava, the PCA stated that "once again the United States wants to lead mankind into a holocaust." It added that the U.S. Administration "has created a new focus of war which, given the current level of development of the arsenal, can blow up the planet."

The Communists added: "All our people must be mobilized, and, first of all, we demand a prompt statement from the Argentine Government which, as a signatory to the 'call of the six countries for peace and disarmament' and as a member of the nonaligned countries, must actively participate in stopping the aggressive madness of Yankee imperialism."

#### Peace Council Condemnation

PY 280210 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2205 GMT 27 Mar 86

[Text] The Argentine Peace Council has condemned "the repeatedly intimidatory presence of the U.S. Sixth Fleet in waters of the Gulf of Sidra," as well as U.S. participation "in moving Honduran troops to the border with Nicaragua." In the communique released this afternoon, the organization affirms that both cases "refer to the demented manifestation of the global policy of the Reagan government which, by systematically violating essential norms of international coexistence, pushes the world to the brink of a nuclear holocaust."

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CSO: 3348/482

ARGENTINA

UCR NATIONAL COMMITTEE, COORDINATING BOARD STRATEGIES

Internal Debate Heats Up

Buenos Aires EL PERIODISTA in Spanish 14-20 Feb 86 p 5

[Article by Luis Sanchez]

[Text] The Radical Party has entered a period of open internal debate. President Raul Alfonsin acknowledged as much on the night of Tuesday the 11th when he spoke with the officers of the National Committee at Olivos. He realizes that a "mobilized party" that seeks to regain the "political initiative" cannot allow doubts and hesitations about or strong, direct challenges to administration policy to exist in its midst. The ruling party is currently characterized by all three.

Alfonsin also senses a feeling that is spreading in the UCR [Radical Civic Union]: "It's fine to defend the anti-inflation side of the Austral Plan," a lawmaker explained to EL PERIODISTA, "but the handling of issues such as the privatizations, growth, the foreign debt or relations with the IMF would seem to be leading to a dead end." In the wake of the opposition movements in January and the call for a National Unity Congress by the CGT [General Confederation of Labor], the UCR is faced with another internal debate: how to shatter a potential "opposition front," which could eventually isolate the ruling party, with its "strategy of confrontation." The answer seems to be a combination of "the carrot and the stick," a hard line and dialogue.

The party's top echelon spent all of Tuesday the 11th talking these two issues over. On the first issue, President Alfonsin called in Minister Juan Vital Sourrouille, who explained the economic situation in detail (it is critical) at Olivos, not at the headquarters of the National Committee, lest he appear to be "giving an account of himself before the party."

The president gave his own opinion on the second issue at Olivos. The party will not attend the congress that the CGT has called but, at the same time, will not close off the avenues of dialogue with the labor federation; the UCR will reply in a public document to each of the CGT's 26 points and will meet with Saul Ubaldini to discuss not the congress but the revamping of the Economic and Social Conference with a union presence.



The dissent within the Radical Party is still muted. Some leaders have remained silent for a while so that in due time they could propose alternatives to official policy. The National Committee of Radical Youth, which is dominated by the National Coordinating Board and represented by Carlos Raimundi from Buenos Aires, is calling for an "internal debate" and urging the party not to regard the announced privatizations or the agreements with the IMF as "accomplished facts." The young people who met at Villa Carlos Paz on 14 and 15 February have noted that the Sourrouille-Caputo duo has already shifted to pro-imperialist stances (see next article). The Radical governors (including Sergio Montiel, Ricardo Barrios Arrechea, Felipe Llaver and Eduardo Angeloz) have been holding back from openly opposing the federal plan to share revenues with the provinces. They are weighed down by the expectation of a recession and "the lack of realistic policies for growth," which they had hoped would come after the second phase of the Austral Plan was announced.

"In certain regions the people have reached their limit and are starting to feel the effect of the wage decline," one of the members of the Radical Governing Board cautioned worriedly, calling at the same time for a UCR "mobilization" to "clarify and correct." Nevertheless, other leaders such as Cesar Jaroslavsky feel that "we are going to begin a debate within the party, but I don't think that there are going to be major ideological disagreements; above all, there is a need for information and arguments about the reasons for certain government moves."

Alfonsin told the members of the top Radical echelon that he noticed that certain opposition political groups were trying to isolate the administration. He therefore recommended that besides needing to respond vigorously to the "opposition uproar," the UCR ought to pay attention to the differences between them. His so-called "political operators" (Enrique "Coti" Nosiglia, Facundo Suarez, who is now in the Interior Secretariat, Edison Otero and other National Committee leaders) will henceforth play a decisive role in relations with the legislature and political parties. The tactics that the party has decided to pursue vis-a-vis the CGT (confrontation and dialogue) will also be employed in the National Congress and in dealings with the opposition.

We cannot overlook, however, that other Radicals are whispering in the president's ear to suggest that he start chewing people out left and right and come to terms with the tight strictures that the Reagan administration has sought to impose on democracy in Argentina, particularly in recent times.

"Those who imagine that Alfonsin has already chosen the IMF and crackdown route do not realize that this party has changed, that it can debate issues, that it can espouse causes and that rallying cries are no longer enough for this society. Let us also admit that the situation is touchy, that we are not infallible and that we cannot keep on aggravating social tensions indefinitely," one congressman said in explaining his major dilemma: how to defend the administration, which is part of consolidating democracy, and at the same time to keep his distance from and his eye on it so that it does not wind up causing cracks in the system by losing its grassroots support.



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The goings-on within the ruling party will become extraordinarily important in the weeks to come, and the debate will spill over to various spheres of the government. All of this has aroused a great many expectations, inasmuch as a new generation has made a dizzyingly rapid climb to the highest levels of the administration, such as the Coordinating Board. Will pragmatism tame the spirit of criticism?

#### Cordoba Coordinating Board Stance

Buenos Aires EL PERIODISTA in Spanish 14-20 Feb 86 p 5

[Article by Roberto Reyna]

[Text] On Thursday of last week, just hours before President Raul Alfonsin and his economy minister, Juan Sourrouille, delivered their messages to the nation, some 200 youths finished pounding in the stakes for the 35 tents that dotted one corner of the Villa Carlos Paz municipal sports complex. There, resisting the temptations offered by San Roque Lake's placid waters, on which multicolored sails were gently swaying less than 100 meters away, they spent 4 days holding the annual seminar of the Regional Coordinating Board of Radical Youth and of Franja Morada, the dominant faction in the University Federation of Cordoba (FUC).

Franja Morada is, in fact, the student wing of the Regional Coordinating Board, which emerged less than a year ago under the leadership of attorney Carlos Vicente, the secretary of student affairs of the National University. The Regional Coordinating Board is on the left of the UCR political spectrum in Cordoba. It feels that the country's basic choice is between liberation and dependence; it questions the factions of the ruling party that "are appeasing the economic power groups and putting off the people's demands"; it criticizes the Cordoba Line and the Renewal and Change Movement alike and argues that "the traditional criteria for committee work" must be reassessed.

Given this ideological baggage, the announcements by Alfonsin and Sourrouille neither pleased nor surprised the members of the Regional Coordinating Board of Radical Youth. They had already stated in the working documents drafted several days before the seminar that as soon as the position of the Sourrouille-Caputo duo was strengthened, "so-called political realism" began to prevail, "which reduces government action to mere potentiality [posibilismo]," and they underscored the clear-cut contradiction between "saying that democracy does not bring about sweeping change because the lower-income sector is not strong enough and, at the same time, contending that grassroots struggles destabilize democracy."

In any event, the seminar's final declaration, entitled "Youth Will Not Lower Its Banners," is an explicit response to the new phase of the economic program, in that it embraces "the unflinching defense of the national patrimony against the start-up of a privatization program." It also calls for an economic recovery based on expanding the domestic market, increasing the purchasing power of the lower-income sectors and "seeking out avenues of unity in all spheres to end the outflow of our resources due to interest payments on the foreign debt."

More specifically, the Regional Coordinating Board of Radical Youth feels that the foreign debt, which is "politically and mathematically unpayable," is one of the central problems today. The other is the permanent abolition of the National Security Doctrine, with the resulting dismantling of the machinery of repression and opposition to the "legislative attempts to limit future trials" of the military personnel involved in State terrorism.

Although the seminar did not bring together as many young people as have attended other similar events that Franja Morada has organized, the leaders of the Regional Coordinating Board did not conceal their satisfaction over the presence of Julio Genesini, a member of Franja's national leadership, along with delegates from Rosario, Santiago del Estero, Santa Fe, San Juan, the Federal Capital (belonging to the faction headed by Pablo Batalla), Lomas de Zamora, Avellaneda and several cities in the interior of Cordoba Province. More importantly perhaps, the leaders of Radical Youth's capital committee, Hugo Altamirano, Radical Youth officials from the Cordoba Line (which is led by Raul Cingolani), and Provincial Congressman Miguel Ortiz from the Renewal and Change Movement also attended the Carlos Paz seminar.

The leaders of the Regional Coordinating Board are not unaware that as a result of their political stance in the Radical Party's nominating process, they are constantly running the risk of isolation, a risk made worse by the fact that its constituency consists almost exclusively of students and that Franja Morada and ORES [Radical Organization of Secondary School Students] activists are reluctant to get involved in party committee work. It was no accident that throughout last year the Regional Coordinating Board made alliance overtures to political sectors outside the Radical Party, pushing the idea of "organizing popular unity."

The contacts made at Carlos Paz with other factions of Radical Youth could enable the Regional Coordinating Board, its leaders feel, to reestablish a policy of internal alliances based on overt opposition to the privatization plan that the economic cabinet is promoting.

Carlos Vicente is of the opinion that the rank and file of the ruling party is uneasy and confused, but he has faith in the strength of a clear-cut agenda that is in keeping with the Radical Party's finest national and popular traditions.

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15 April 1986

ARGENTINA

## CGT WARNS AGAINST GOVERNMENT INTERFERENCE

PY250233 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1140 GMT 24 Mar 86

[Text] Buenos Aires, 24 Mar (NA)--The General Confederation of Labor (CGT) has warned the government that "we will not be responsible for any riots that might occur if the march of the workers' columns or the order of their demonstrations are disturbed" tomorrow during the CGT-sponsored stoppage and demonstrations. The CGT also asserted that the radical leaders "are recommending that we exercise self-restraint during the demonstrations so that they do not have to fall into the shameful, but evident temptation of repressing us."

The CGT added that "the use of tons of printed paper just to cover a few signs posted by the CGT to explain the reason for the stoppage and the presence of provocative agents who in broad daylight destroyed the CGT signs are proof of this repressive mood."

In reply to a Radical Civic Union (UCR) document describing tomorrow's stoppage as "an antidemocratic maneuver," the CGT asks whether "in order to be democratic, Bariloche style, [referring to a recent document issued by the UCR in Bariloche] it is indispensable to applaud this new governmental blunder" and whether "we must exercise self-restraint not to criticize what should be criticized."

The CGT also asks whether "we should also impose the state of siege on ourselves in order not to comply with the stoppage decreed by our organizations to publicly express the discontent of the workers or to "thank the authorities for not pointing at us with guns as occurred in the Lisandro de la Torre meat packing plant." The CGT was thus referring to remarks made on this subject by Juan Carlos Pugliese, president of the Chamber of Deputies.

The CGT added: "We reassert our firm decision to stage our mobilization peacefully, and again urge our fellow workers not to respond to provocation, and affirm that we will not be responsible for any riots that might occur if the march of the workers' columns or the order of their demonstrations are disturbed."

The CGT stressed that "what the government cannot do is to maintain the economic measures of the dictatorship, under the pretext of democratic purity,

and emphasized that "similar recommendations, which are part of the imf prescription, have brought about the same consequences throughout the world."

The CGT asserted in this regard that "this is a solution based on foreign models that are not applicable to our reality and which are again offered to us after so many unsuccessful attempts and hopeless popular sufferings."

The CGT pointed out that the administration "has abandoned its electoral promises and has endorsed the worldwide pattern of hunger and unemployment imposed by international usurious centers."

The CGT added that "this is the result of eight years of undermining our production apparatus, under the same economic premises, carried out by the military dictatorship and continued by the administration."

The CGT asserted: "A program that goes against the concept of social peace and replaces it with a permanent social conflict, thus transforming society into a permanent confrontation of classes and interests, cannot be the program of a democracy."

The CGT added: "We workers defend democracy with resourcefulness and courage, sovereign decisions, and profound humanitarian convictions," and concluded: "Tomorrow, thousands of Argentine workers will stage a stoppage in order to defend their democratic right to work, to freedom, and to justice everywhere in the country."

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CSO: 3348/482

ARGENTINA

## COL SEINELDIN SAID TO BE PLOTTING ALFONSIN'S OVERTHROW

Buenos Aires EL PERIODISTA in Spanish 21-27 Feb 86 pp 2-3

[Article by Horacio Verbitsky; first paragraph is introduction]

[Text] Ruling out any threat of an institutional coup, the government maintains calm bureaucratic relations with the Armed Forces, where salaries have been boosted substantially. In the shadows, however, a fundamentalist conspiracy is making headway, with the backing of one Peronist rightwing faction and with high-level contacts in the Pentagon. The international panorama is not favorable to Colonel Seineldin's ambitions, but he is expecting social unrest and a vacuum of power by mid-1987. German Lopez' agenda for 1986.

Col Mohamed Ali Seineldin is the head of a group of officers who dream of taking over the government before the 1987 congressional and gubernatorial elections, with the backing of a rightwing Peronist faction and aided by the social chaos and power vacuum that they believe Minister Juan Sourrouille's economic policies will bring on by then.

President Raul Alfonsin's administration appointed Seineldin military attache in Panama as a way of removing him from the political scene after a lengthy dispute about his promotion to colonel. A decisive role in this regard was played by Vicente Saadi, the vice president and acting president of the Peronist Party, Peronist Senate whip and chairman of the Senate Resolutions Committee.

In Panama, Seineldin is studying the experience of the former National Guard's populist government, while back in Buenos Aires his scheme was left in the hands of one of his closest colleagues, Colonel Sierra, an active-duty intelligence officer. Sierra is handling the matter in a downtown Buenos Aires office that some of his assistants call "The Cave."

### "A Fanatic Catholic"

Col Mohamed Ali Seineldin became a household name on 2 April 1982, when he commanded Task Force 40.1.10 of the Argentine Army, consisting of Company C of the 25th Infantry Regiment, which was involved in the occupation of the Malvinas.

His commander on that operation, Rear Adm Carlos Busser, says that "Seineldin is a devout Catholic," adding: "I would say an almost fanatic Catholic." As the expedition headed towards the islands amid a fierce storm, Seineldin suggested that Busser dedicate the operation to the Virgin of the Rosary, reminding him that Liniers had prayed to her before the reconquest of Buenos Aires.

"You mean you would call a military operation Virgin of the Rosary?" the rear admiral recalls having asked him.

"No, sir, but it could be called Operation Rosary," Busser says Seineldin replied.

Rear Admiral Busser talked it over with Gen Osvaldo Jorge Garcia, who approved. When he told the army infantry officer that his proposal had been accepted, as they were both hanging on to the bridge on the "San Antonio" to ride out the storm, Seineldin looked straight at him and, as Busser remembers it, said:

"Sir, you'll see that tomorrow the Virgin of the Rosary is going to calm the winds and the waves so that we have excellent weather for the landing."

This episode is illustrative not only of the things in which Colonel Seineldin believes but also of some of the things of which he is unaware. The feast of Our Lady of the Rosary was established in 1573 by Pope Gregory XIII to commemorate the battle of Lepanto 2 years before. In October 1571 the Catholic forces of John of Austria destroyed the fleet of the Ottoman empire, whose right and left wings were commanded by Mohamed and by Ali.

There is a long string of stories about Seineldin's interesting psychology. Rear Admiral Busser himself still recalls with amazement the manner in which the colonel entered Port Stanley. "I saw the vehicles moving up from the rear guard. As they approached, I noticed something odd. A man was jogging at the head of the small column. It was Lieutenant Colonel Seineldin," he recalls.

He did more than just jog into and take over the capital of the islands; he also attacked British planes with his 9-millimeter pistol. Since they were much more likely to hit him with a bomb than he was to put a bullet in one of the attacking aircraft, he gained a reputation for recklessness. Chaplain Renaudiere De Paulis, a Dominican priest who has inspired civilian and military rightwing extremist groups for decades, asserted that Seineldin had been the most courageous of the officers who fought in the Malvinas.

He had developed a reputation in the army long before. When he was a commando instructor, he held his ground when a grenade exploded very near by and continued his work in spite of being wounded. It was not until the training session was over that he went to the infirmary.

Rodolfo Peregrino Fernandez, a former Federal Police officer, has revealed some less martial aspects of Seineldin's personality. The former colleague of Gen Eduardo Albano Harguindeguy (who before serving as dictator Jorge Videla's interior minister was President Isabel Peron's chief of police) stated that

Seineldin served as a liaison between the army and the Triple A [Argentine Anticommunist Alliance] before the 1976 coup.

#### The American Friend

EL PERIODISTA was able to dig deeper into this story through unsuspected sources. In 1973 and 1974 a young U.S. officer was a classmate and confidant of Mohamed Ali Seineldin at the Superior War School. The American officer told his government at the time that every Wednesday just after noon, when the huge Campo De Mayo garrison emptied out for midweek leave, Captain Seineldin stayed behind to wait for some regular visitors: commissioner inspector Juan Ramon Morales and inspector Rodolfo Eduardo Almiron, the operations commanders of the AAA. They and Seineldin analyzed the week's rolls.

The Argentine and the American renewed their friendship in the 1980's when the latter returned to Argentina as a military attache. This is of political interest because Bob Olson is not just another officer; he is currently the head of the Pentagon's Latin America Desk, a decisive unit when it comes to recommending support for or opposition to a military coup in a Latin American country. Two weeks ago Seineldin left his post in Panama and traveled to the United States. Some sources say that his move had to do with the conspiracy; others that he went to Houston for some delicate surgery.

Colonel Seineldin realizes that international conditions are not conducive at the moment to the removal of a constitutional government. President Ronald Reagan's policies are aimed in exactly the opposite direction. Washington has supported the election of new civilian presidents in Honduras, Costa Rica (where civilians were already in power) and Guatemala, where Vinicio Cerezo has replaced Gen Oscar Mejia Victores. Moreover, it helped to retire Haitian dictator Jean Claude Duvalier and is not trying very hard to prevent Philippine autocrat Ferdinand Marcos from being toppled.

Nevertheless, the assessment of the people who support Col Mohamed Ali Seineldin's coup is that the picture will be changed by the power vacuum and the social unrest that they take for granted will emerge by mid-1987. Until such time, a pamphlet entitled "There Is a Soldier" continues to be distributed in military units. The lavish, four-color booklet has a silhouette of Colonel Seineldin on the cover and talks of the man who defended the West against the stateless guerrillas and risked his life for national sovereignty. "Remember him, now that they want to destroy us," it reads.

Catholicism, nationalism, anticommunism, morality and courage are the groundwork of the elementary program that Seineldin represents and that Army Chief of Staff Gen Hector Rios Erenu would do well to look into when he resumes his work after the operation on his knee bones that kept him away from all of the ceremonies prompted by the death of Defense Minister Roque Carranza and the appointment of German Lopez as his successor.

#### German Lopez' Agenda

Other less secretive developments will occupy the time of civilian and military authorities in March:



1. The ruling of the Armed Forces Supreme Council on the Malvinas war, which will be handed down around the middle of the month. The frequent bitter confrontations between the branches under the military government and during the war have broken out again in connection with this issue. The pages of the newspaper AMBITO FINANCIERO served as the marginal theater of operations for this dispute until a decision was made at high-level negotiations to put an end to it. There has been growing speculation in recent days that the council could give former Commanders in Chief Leopoldo Galtieri, Isaac Anaya and Basilio Lami Dozo stiffer sentences than prosecutor Canale has asked for but in exchange would be willing to go easier on the officers who followed their orders. Galtieri's defense became more complicated when Gen Mario Menendez submitted several telexes. The copy at the commander in chief's office in Buenos Aires had been destroyed, but not the original received in the south.

2. It cannot be ruled out either that once it has rid itself of the bothersome Malvinas case, the Supreme Council will hand down sentences in some of the more talked-about cases in the dirty war: Menendez, Camps or the ESMA [staff?]. In this instance its objective would be to hand down a stiff sentence at the highest level, but also to make headway in interpreting Point 30 of the Federal Court's sentence in the trial of the former commanders, which acquits their subordinates. This issue still represents a dilemma for the Armed Forces and the government. Point 30 has forced the tabling of the various petitions claiming due obedience and no further prosecution that kept officials in three ministries busy for almost 2 years. As Alfonsin told a U.S. TV network, there will be more trials. The Supreme Council is not eager to sentence anyone, but it also clearly realizes that the delaying tactics must come to an end when the higher body is a federal court that is determined to take action. "If we do not hurry up, they will take the cases away from us. The courts will take them over, and the sentences will be tougher and will pay no attention to rank," reasoned a distressed general. At this point it is clear that the prosecutions will continue, because the public will not have it otherwise and the officers are resigned to appearing before the courts, where they are helped by the reluctance of many judges to alienate the military and by the absence of evidence, the destruction of which was standard operating procedure.

3. The revamping of the army, which will reportedly be undertaken over the next 30 days, includes the elimination of a pair of brigades and several regiments and the regrouping of units. EL PERIODISTA has reported at length on this reform; many describe it as merely "cosmetic," but in any event it means living within a budget in line with the average for 1965 to 1975, which was half of the average for the following 10 years. New assignments are being postponed until the overhaul is completed.

4. The reorganization of intelligence services. The establishment of the National Intelligence Center (CNI), based on the model of the U.S. National Security Council, will mean that all existing military services come under it. What is now under discussion is whether the State Information Secretariat will also come under the CNI. As was to be expected, its executives oppose such a move but will most likely be unable to stop it. Alfonsin has allegedly already come out in favor of "might makes right." Several factors militate against the State Information Secretariat's desire for autonomy: the effort at



streamlining, which does not admit exceptions; its poor performance so far, and the incompetence of its staff. In this regard, government circles are more ashamed than amused when they mention a question that the head of SIDE's international section, Radical point man Melfi, once asked in public: "What's the difference between deterrence and detente?" After the plot was officially uncovered and it was learned that calls threatening schools had been made from the 601st Army Battalion, the cleanup operation has proceeded apace. The battalion's new commander, Col Carlos Gonzalez, a methodical confirmed bachelor who is called "The Mule," relieved all of its officers and employed the old military tactic of dispersing them to various units around the country to prevent them from keeping in touch and to thwart any conspiracy.

5. The reorganization of Military Manufactures. The bill drafted by the secretary of defense for production, Raul Tomas, under Raul Borrás, sat for 9 months in Roque Carranza's drawer, and Carranza's only comment on the matter was rather terse: "Leave well enough alone." The appointment of German Lopez has nothing to do with Tomas having been replaced by Daniel Larriqueta. The secretary of production had already handed in his resignation to Carranza in December, and it was going to be effective as of 1 March, when he got back from vacation. The reorganization plan, which calls for modern management and control methods to prevent wasteful spending and to turn the holding company into a force for economic development, got bogged down after a cabinet meeting a year ago at which Justice Minister Carlos Alconada Aramburu argued that no further moves could be made without consulting SOMISA [Argentine Iron and Steel Joint Association]. This story aside, the debate on privatizing state-run companies will obviously affect Military Manufactures as well.

As we can see, this is a heavy but bureaucratic agenda that is typical of calm times. A strong administration has succeeded in firming up its ties with the Armed Forces, which have not recovered from either the dirty war or the Malvinas disaster and which cannot even think about running the country because they are not even able to run themselves. The commander in chief, Raul Alfonsín, has no reason to fear an institutional coup. But it would be foolish to make light of the fundamentalist conspiracy that is being hatched in the shadows and that this article provides just a first inkling of.

8743

CSO: 3348/450

ARGENTINA

# GROWTH PROMOTION SECRETARY DISCUSSES PRIVATIZATION PLANS

Buenos Aires SIETE DIAS in Spanish 20-26 Feb 86 pp 62-65

[Interview with Norberto Bertaina, secretary of growth promotion, by Carlos Monge; date and place not specified; first three paragraphs are introduction]

[Text] Born in Santa Fe but an adopted son of Cordoba, Norberto Bertaina graduated as a certified public accountant from the National University of Cordoba in the early 1960's and since the outset of his professional career has been used to working in government. A lifelong Radical Party activist, Bertaina was only 25 when in 1963 he served as undersecretary of housing in the Cordoba city hall, which was headed at the time by the nation's current vice president, Dr Victor Martinez. Twenty years later, in light, no doubt, of Bertaina's brilliant record, Alfonsin did not hesitate to offer him the strategic post of housing secretary, a post that he left only temporarily to serve as the president's personal representative in coordinating aid to the flood victims.

Raul Alfonsin recently appointed him to replace Jorge Manuel Tanoira as secretary of growth promotion, and the feeling is that Bertaina will be one of the main people in charge of implementing the policy of privatizing state-run enterprises that the president and Economy Minister Juan Sourrouille announced in the address that they delivered to the country not long ago. This difficult task presents many stumbling blocks, some of them within the ruling party itself according to various rumors and leaks, but it does not seem to intimidate this economist, who though a technician cannot be described as a "technocrat" and whom nobody can accuse of being an upstart in the UCR [Radical Civic Union]. The fact is that henceforth it will be increasingly difficult for him to find time for a weekend "escape" to Cordoba, where his wife, Ema Carioni, and his two daughters, 17-year old Maria Ines and 12-year old Maria Angelica still reside. But work is not something that this accountant is afraid of. He is in his office early every day and is one of the last to leave the secretariat building at 500 Alem, where his coworkers are by now accustomed to seeing the lights on in his office until late in the evening as he pours over documents between sips of mate tea.

SIETE DIAS spoke with Bertaina about the tasks that await him and the role that his secretariat will play in the government's privatization policy. He emphasized that he is not afraid of what the verb "privatize" means and that

he is prepared to use it whenever necessary to reactivate our economy and promote growth. The following is a summary of the talk:

[Question] Mr Bertaina, considering that you have succeeded Mr Tanoira, whose main mission was to privatize growth, will putting certain state-run enterprises into private hands be one of your most important jobs too?

[Answer] I don't know whether this task is going to be within the realm of my activities or of the secretariat, because it is not the secretariat's function to privatize state-run enterprises. You put it quite well: to privatize growth, which is different from privatizing state-run enterprises. Privatizing growth means, for example, enabling the private sector to provide services such as sanitation, drinking water, mass transit (which could now be provided by Ferrocarriles), or cargo hauling...Or it could be the growth of a sector, of an activity that a state-run enterprise might now be performing, the manufacture or sale of goods or the provision of public services...All of this is part of what has been called the privatization of growth. Privatizing was not an essential function of the secretariat, at least according to the guidelines for its tools. Privatization was and is the responsibility of a commission that the president set up under Decree 414 of 1984.

[Question] Nevertheless, it has been said in connection with the announced privatizations that it is not yet clear whether your secretariat or the Secretariat of Public Enterprises Management Control, which Marcelo Kiguel heads, will be in charge of implementing them. What can you tell us in this regard?

[Answer] If I had to give you an answer based on what is known so far, I would repeat what I told you a moment ago. In other words, these functions are the responsibility of a commission chaired by the General Secretariat of the Presidency and including representatives of the Central Bank, the Bank of the Nation, the Ministry of Public Works and Services, the Ministry of Health and Social Action, the National Development Bank (BANADE), the Labor Ministry, the Defense Ministry, the Economy Ministry and, tangentially and with a relatively less important role so far, the Secretariat of Growth Promotion. The Secretariat of Public Enterprises has different functions and is not on the commission. That is to say, at least so far the secretariat that I mentioned last has not been assigned any function in this connection...

[Question] As a longtime Radical, are you afraid of the word "privatize"?

[Answer] Not at all...I am absolutely convinced that it is a proper tool for growth under the circumstances, when the traditional tools that the country has employed are very limited and offer very few prospects...Let's not forget that the traditional tools that the country used were: government investment, government loans, government subsidies, tax breaks, tariff barriers...As a result of the sharp drop in Argentina's gross national product in recent years, these are all tools that can no longer be resorted to...We used to have a sector that clearly enabled other sectors to grow. When agriculture, our country's leading sector, was producing competitively with the rest of the world...when other countries did not protect their economies and did not grant the subsidies that they are today, we enjoyed several relative advantages that

enabled us to transfer resources from one sector so that the other could grow...But that other sector, the industrial sector, was not developed enough to return the favor and enable agriculture to grow and expand today when there are subsidies and protectionism in the world...

Therefore, the lack of prospects forces us to look for other methods. Using our imagination and creativity, we feel that by privatizing enterprises, but not just the ones that are in the red, even those that are in the black, we can obtain the resources that, when appropriately utilized, will spur our growth...

[Question] The Radical Party has traditionally assigned the government a major role in running the economy, especially in certain fundamental sectors such as energy and steel. We have thus heard that the new privatization policy has met with some resistance within the party...

[Answer] I do not accept the assertion that the Radical Party is statist. The Radical Party has tried to persuade, but not to supervise, penetrate or absorb...When it has been in power, the Radical Party has never sought to set up state-run companies, except for the YPF [Government Oil Deposits]...a company that has spurred growth in our country. But no Radical administration has taken over private companies that were going broke...So I don't think that you can back up your assertion too well when we begin analyzing all this. The Radical Party is not an all-out champion of state-run enterprises or of increased government involvement in the provision of goods and services. On the contrary, the Radical Party is a staunch supporter of human freedom and creativity, of private enterprise...

[Question] I brought up this issue because rumors and stories aside, we have heard comments lately, for example from the head of Water and Energy, Carlos Emerito Gonzalez, to the effect that the Radicals have always advocated keeping basic energy enterprises in government hands...

[Answer] Yes, of course...This is why I told you that the UCR has defended the YPF, but we cannot deny that the YPF has served the country's interests; there is no doubt in my mind about it...But today there is a new approach, and things have already been clearly spelled out. There might be some debate, but it has to do with the pragmatic, not the ideological side. There could be discussion about whether or not it is a good idea to privatize enterprises in the petrochemicals sector, for example...Though the president and the economy minister have clearly announced that these are the kind of enterprises that we are prepared to offer for sale to secure the funds that will enable us to grow in other sectors...

#### Neither Economic Liberals Nor Statists

[Question] Someone once said, referring to the heterogeneity of our economy, that we are "socialists without a plan and capitalists without a market." Oddly enough, governments that have espoused liberal economic policies have not done any privatizing; rather, they have at times created more state-run companies. What do you think about this apparent contradiction?

[Answer] First of all, it is a fact...Free-market governments have taken over bankrupt companies...

[Question] So then, how is the Radical approach different from the traditional free-market approach to privatization?

[Answer] The traditional approach to privatization says that the government should not be involved in any way in running the economy, simply because it shouldn't (right?) and that if any activity under government control is in the red, the government should get rid of it. We feel that if there are certain deficit-ridden activities that the government ought to continue to perform, the government is going to keep on performing them. For example, I could tell you: Ferrocarriles is in the red...But is it of importance to us? Yes, it is. Therefore, we're going to take care of the Ferrocarriles deficit. We're going to try and reduce it so that the government is more efficient...But we're not going to get rid of the enterprise because it is in the country's interest...

[Question] But what has traditionally happened in Argentina is this: the profits have been privatized, and the losses have been nationalized. This happened, for example, with Italo, which the military government bought for a much higher price than it was worth...

[Answer] Of course, but we are not proposing this, because that would be a peripheral privatization, wouldn't it? This sort of situation occurs in a peripheral privatization, where investors buy only the "cream," the attractive part of what the government is offering for sale and leave the government with the losers. But this is not our approach...

[Question] Do you know of private investors who have expressed an interest in the enterprises that have been offered publicly?

[Answer] I know that no sooner had the minister mentioned the possibility of privatizing the Bahia Blanca petrochemical complex than the various parties involved in the complex, where there are companies that are 30 percent government owned, said that they wanted to find out how to proceed because they were interested in the government's offer...

[Question] There has also been talk that foreign investors, specifically the Japanese, are somewhat interested in buying some of these enterprises. Do you know anything about this?

[Answer] I have not been in contact with any Japanese investors. But I can tell you, getting back to the Bahia Blanca petrochemical complex, that Seito, a Japanese firm, is there, and I don't doubt that it is interested in continuing as part of this project...This is the only specific knowledge I have about foreign investors who are interested in participating alongside us in what I feel is one of the main tasks today: privatizing growth, privatizing for growth in the sectors in which we can develop "state-of-the-art" technology so that we can avoid missing the train to the future. We cannot continue to take part in the world economy just as sellers of meat or wheat, because countries are not buying or if they are, they are paying a price that does not cover production costs in Argentina. And the only way to modernize

our economy today is by securing solid funds to finance our development, funds that can be secured today only through initiatives such as these, which show creativity and imagination...

8743

CS0: 8148/0930

BELIZE

## ESQUIVEL DISCUSSES BUDGET, CASINOS AT PRESS CONFERENCE

### Comment on Guatemala Talks

Belize City THE REPORTER in English 2 Mar 86 pp 1, 9

[Text]

Prime Minister Manuel Esquivel has made his most unequivocal statement yet about casinos.

There will be none in Belize!

At his news conference last Wednesday the Prime Minister set to rest any lingering doubts about casinos. "We have said from the beginning that we are not giving out any licenses for casinos," he replied in answer to a questioner.

Replying to a barrage of questions the Prime Minister ranged over a broad spectrum of subjects. What follows is a summation of some of his answers:

#### ON THE BUDGET

The budget exercise will take place before the House adjourns for its Easter recess, and will probably occur in mid-March. The natural increase in government expenses will require the government to spend an additional \$6 million during the new financial year, even if nothing else happens. The government is working and seeking ways to increase the revenue without resorting to additional taxation. The

government, he said, is hopeful that it will achieve this objective. The government, he said, takes the view that additional taxes reach a point of diminishing returns. This is not the way to go.

#### ON LAND POLICY

The Policy of the government with respect to land is that persons who want to acquire government land must first lease it and develop it before they will be allowed to buy it. Since the new government took over it has not sold any land to Americans.

On land development the PM said his government's policy is to encourage people-local and foreigners - to develop the land and in this way to spread the benefits of development. It is the policy that any land in private hands has to be developed.

#### ON IMF DEPENDENCE

"We are striving mightily to end our programme with them in the shortest possible time."

15 April 1986

**ON LAW AND ORDER**

People who break the law must answer to the law. Some people have felt it is all right to break the law. Some people have decided to increase their activity outside the law. We gave them one year. Instead of reflecting on this, they have decided to continue acting outside the law.

Some of these people are in politics. Others are in the Public Services and others are people on the street.

**ON TALKS WITH GUATEMALA**

The Government of Belize is trying to get new talks started with Guatemala, beginning afresh. The government will make arrangements

for the opposition to be represented at these talks whenever they occur. The Belize government will maintain a policy of no land cession.

**ON LOTTERIES**

Government should be collecting about five times what it is currently taking in on the daily and weekly lottery and the new legislation is designed to correct this. "There is going to be a change in the law," the P.M. said. "It is taking a little while because we have to make sure that we have it right."

Lotteries are a form of indirect taxes on the poor, the Prime Minister added, and his government's view is that revenues from lotteries should be spent wholly in the area of the social services.

**Price Reductions**

Belize City THE REPORTER in English 2 Mar 86 pp 1, 9

[Text]

At his monthly news conference last Wednesday the Prime Minister, Mr. Manuel Esquivel had some encouraging news about the cost of living. He announced reductions in the price of condensed milk - from 95 cents a tin to 89 cents, reduction in the price of gasoline, kerosene and diesel and a soon-to-come reduction in electricity rates, by two cents per kilowatt hour.

He said he would ask the Belize Electricity Board to approve a two-cent reduction in

the rate it charges for a kilowatt unit of electricity and promised that consumers can expect more reductions if the price of diesel fuel continues to fall. Rates would also go back up if the price of fuel increased, he said.

Discussing milk prices and the Belize Marketing Board the Prime Minister said the 89 cent-a-tin price was the best the Marketing Board could do at the moment. The Marketing Board, he pointed out, was seriously in debt. "Until we



can change that situation," he said "we will have to live with it." The government, he said, had tried, whenever possible, to bring down the price of goods and he promised that his government would continue to do all it can to share the benefits of lower prices where these occur.

The Prime Minister said he is satisfied that the Marketing Board is operating within the law, adding that the price of condensed milk is governed by Statutory Instrument under the Price Control parent Ordinance.

/9317

CSO: 3298/382

BELIZE

BELIZE POPULAR PARTY STAND ON PEOPLE'S REPRESENTATION

Belize City THE VOICE in English 2 Mar 86 p 2

[Unsigned article: "Belize Popular Party--On People's Representation"]

[Text] The BELIZE POPULAR PARTY is a strong adherent of the fact that the people are the masters of a nation's destiny, for by the will of the people are representatives, City Councillors, Town Board Members and village council members elected.

It is the duty of any person elected by the people to act as servants of the people, instead of the mistaken notion of "Rulers" or "Masters."

The BELIZE POPULAR PARTY views with seriousness the attitude which some elected persons take after they are elected. We adhere to the principle that public offices, whether they be that of a minister, representative, City Council or Town Board should always be at the service of the people. The acts of arrogance, disrespect and don't care a damn attitude are therefore highly deplored. Hence the BELIZE POPULAR PARTY in selecting men and women who will offer themselves as candidates in any election will see to it that these persons are properly screened.

We are of the opinion that only by maintaining close relation and communications with the citizens can representatives have a clear knowledge of what is happening around.

Therefore in its future plan of action the Belize Popular Party will always main a close rapport with the people.

We pronounce the BELIZE POPULAR PARTY as the new Belizean Alternative. The BELIZE POPULAR PARTY will open a new chapter for Belize and Belizeans. "NOT FOR ME-NOT FOR YOU-BUT FOR ALL OF US."

/9317  
CSO: 3298/382

15 April 1986

## BELIZE

## POPULAR PARTY ORGAN WARNS OF COMMUNIST ACTIVITIES

## Indoctrination of Youth

Belize City THE VOICE in English 2 Mar 86 p 12

[Unsigned article: "VOICE Sends Warning"]

[Text] On numerous occasions in the past six years, the VOICE newspaper has responsibly revealed to the public certain communist undercover activities in Belize. To name just a few: The aborted arrival of the "Moctezuma Vessel with Russian subsidized goodies to lure Belizeans; The conference at the Fort George Hotel of Leftists political Parties of Central America and the Caribbean; The clandestine visit of Russian spies who held guarded meetings at the Bellevue Hotel; and the activities of certain communist agents in an attempt to subvert certain organizations in Belize through the INNOCENT FRONT.

We once again sound the warning bell that with the return of Belizean students from Cuba, Belizeans will in the not too distant future witness the propagation of imported ideologies and the recruitment and indoctrination of innocent youths. Mark the date of this, our warning. This is more serious than what was said at the recent Prime Minister's Conference. Every nation, including the United States, which had returning students from communist countries had very bitter experiences. Mexico was hard hit in 1968 when 34 students returned from Russia, including the notorious Lorenzo Cardenez Barrajas, who came to Belize looking for sanctuary from comrade friends.

We will monitor this situation very closely and keep our people informed.

March 'Surfacing'

Belize City THE VOICE in English 2 Mar 86 p 3

[From Jim Rover column "Here and There"]

[Text] The local communists in Belize have apparently gone underground for the time being. It is believed that they are planning to surface sometime around March 9 and 10th of this year, with their front from below plan as they attempted to do with the cane farmers and teachers.

/9317

CSO: 3298/382

BELIZE

DEFENSE FORCE ANTIDRUG ACTION RAISES QUESTIONS

Belize City AMANDALA in English 14 Feb 86 p 1

[Text]

BELIZE CITY, Thurs. Feb. 13

Around 2:30 p.m. today, the villagers in the Maskall/Bomba area were alarmed by the sound of explosives in the immediate vicinity. It was discovered shortly afterward that a portion of the feeder road which leads to Bomba, not far from where a sawmill is located, had been destroyed by some exploding device.

BELIZE CITY, Fri. Feb. 14

After receiving this story by telephone from Maskall yesterday afternoon half an hour after the incident, the newspaper checked with an official government source which revealed that the Belize Defence Force was conducting a marijuana eradication exercise using explosives, and the possibility existed that they might have been operating in the Maskall/Bomba area.

But our original source called from Maskall again shortly after, repeating a request to have the newspaper come out to the area

to take photographs, and insisting that both British Army and BDF personnel were involved in the gratuitous explosions which had injured no civilians, but badly damaged the road and alarmed livestock which then broke loose.

This morning's issue of the opposition PUP BELIZE TIMES claims in a column on page 6 that the government has resumed the aerial spraying of marijuana fields in the north of Belize with a chemical called "Round Up".

What this has to do with the Maskall explosions, if anything, is anybody's guess, and our intention is not to alarm anyone. The Maskall residents have already experienced their alarm, because there was no warning or notification.

Neither is it the newspaper's intention to expose or interfere with secret army exercises. We speak on behalf of fearful and uninformed civilians. What's going on?

/9317

CSO: 3298/382

BELIZE

BRIEFS

NEW FRENCH ENVOY--France's new ambassador to Belize, Alain Rouquie, has arrived in Belize, replacing former ambassador Jean Pierre Chavet, who has been recalled. Ambassador Rouquie has presented his credentials to Governor General Dame Minita Gordon, and paid courtesy calls on Prime Minister Manuel Esquivel and other members of the Cabinet. A government spokesman has quoted Ambassador Rouquie as calling Belize a model of representative democracy. The ambassador reportedly added: "Belize remains a factor of stability in Central America. The existence of an independent and sovereign Belize in a state of peaceful relations with its neighbours is necessary for the equilibrium of an area endangered by conflicts and political turmoil." [Text] [Belize City THE BEACON in English 1 Mar 86 p 5] /9317

CSO: 3298/282

BRAZIL

BRIEFS

TUCANO READY FOR BRITISH--The British version of the Tucano airplane, modified to British Royal Air Force specifications, is ready and a model flew for the first time on 14 February in Sao Jose dos Campos. The RAF has bought 130 of these training planes. On 24 February the Brazilian Aeronautics Company [EMBRAER] signed a cooperation program with Egypt allowing the AID (Arab Organization Industrialization) to become its sales and technical assistance representative for the Tucano airplane to the Arab-speaking countries. The Arab negotiators revealed that the current contract foresees the purchase of 120 airplanes, and possibly 60 more. The EMBRAER has so far exported 52 complete Tucano airplane kits to Egypt and 11 airplanes are already flying. [Summary] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Feb 86 p 2B PY] /6091

MINISTERS ON ANTARCTIC BASE VISIT--Science and Technology Minister Renato Acher, Navy Minister Henrique Saboia, and Foreign Minister Abreu Sodre explained that the visit they had paid to the Brazilian base in the Antarctic had the purpose of publicly showing the other signatory countries of the Antarctic treaty that Brazil intends to continue the work it has started in that continent. The ministers disclosed that as of now, the Comandante Ferraz base will be inhabited during the winter season in order to intensify the survey being carried out at the base. Minister Saboia asserted that Brazil has no military interests in the Antarctic. [Text] [Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 Mar 86 PY] /6091

EXTRADITION OF HAITIAN--The request to extradite Colonel Albert Pierre, the former Haitian special police chief, has not yet been formalized for a simple reason: the Haitian Embassy has not forwarded all the required documents to the Brazilian Government. Itamaraty explained that it is necessary to forward a letter, documenting the utilization of the principle of reciprocity because there is no extradition agreement between Brazil and Haiti. The Foreign Ministry also stated that Albert Pierre's preventive custody can only be decided by the justice minister. [Text] [Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 25 Mar 86 PY] /6091

ITAMARATY ON HOUSE VOTE--Brasilia, 20 Mar (AFP)--The Brazilian Foreign Ministry today stated that the decision of the U.S. House of Representatives to vote down President Ronald Reagan's request for \$100 million in aid to

Nicaragua's armed opposition is a U.S. domestic policy issue. Therefore, it would be unsuitable for the Brazilian Foreign Ministry to make any comments, Itamaraty spokesman Ruy Nogueira explained. [Text] [Paris AFP in Spanish 2336 GMT 20 Mar 86 PY] /6091

CSO: 3342/85



15 April 1986

CHILE

## REACTION TO ADMIRAL MERINO'S STATEMENT

Matthei, Garcia Disagree

PY201313 Santiago Radio Chilena in Spanish 1700 GMT 19 Mar 86

[Questions in recorded passages are posed by unidentified reporters]

[Text] Serious disagreements have arisen between General Fernando Matthei and Interior Minister Ricardo Garcia about the statements Admiral Jose Toribio Merino Castro made yesterday while opening the sessions of the legislative branch.

The interior ministry has said that the statements made by the admiral represent the government's thinking, but Gen Matthei has stated that this is not the case.

Opening the legislative branch sessions, Adm Merino stated that the Government Junta deems it necessary to revise the 1980 Constitution.

Among the possible changes, Adm Merino said that the Armed Forces should not be allowed to vote in the upcoming presidential elections.

Asked about this point, Interior Minister Ricardo Garcia stated that Adm Merino's words reflect the government's thinking.

[Begin Garcia recording] In connection with statements by Adm Merino, I would like to state that they have not caught me by surprise at all because they correspond to, and reflect, the general planning that has been outlined concerning the institutional developments and the legislative progress we are all conducting.

You know very well that, within the timetables and schedules we are willing to achieve the full development of the institutions and the regulations that we must implement.

The statements made by the admiral correspond to, and reflect, the planning that we have outlined. Therefore, they reveal a consistency of goals necessary to achieve that result.

On the other hand, I also believe it is important to note that his statements reveal the junta and the admiral's intentions to cooperate in reviewing and approving the various provisions to be made. [end recording]

The minister was told that Adm Merino had directly urged the executive branch to prevent the Armed Forces from voting in the upcoming presidential elections.

[Begin recording] [Garcia] [Words indistinct] a very specific point. It is a general comment on possible constitutional reforms and, within its provisions, the Constitution obviously provides for methods to review a reform. This, a matter mentioned in the statements you just mentioned, is worth studying and reviewing.

[Question] However, Minister, the admiral has definitely raised the possibility [reporter rephrases] the need to review the Constitution if the executive branch takes the initiative. Is the executive branch willing to take such an initiative?

[Garcia] Within our planning, certainly there is willingness to have a constitutional regulatory framework and a legislative scheme that is as perfect as possible.

Therefore, such a review of the constitutional provisions is a review worth doing for the country to have the best constitutional framework. [end recording]

While Garcia was making these statements, Air Force General Fernando Matthei, one of the Government Junta members, arrived at La Moneda Palace.

The FACH [Chilean Air Force] chief of staff stated that the speech made by Adm Merino does not represent the thinking of the legislative branch.

[Begin recording] [Matthei] He is the one raising the political aspect. That represents his own opinion. We have a custom which, on the other hand, is based on the Constitution's principles, right? That we are peers. There is no Government Junta president. There is none. Just for protocol, or order purposes, the senior person, in this case the admiral, presides. However, when political issues are raised, each one voices his own thinking whenever he deems it opportune and appropriate. None of us ever asks another to represent him and speak on his behalf. Therefore, without expressing agreement or disagreement with what he [word indistinct] said, I will not comment. He said what he said because he felt it was right. That is all.

[Question] General, does this mean that the statements made by Adm Merino were not previously discussed or agreed upon?

[Matthei] No. No. No.

[Question] General, what changes should be made...

[Matthei, interrupting] I did not talk about constitutional changes.

[Question] However, in the speech opening the legislative branch sessions...

[Matthei, interrupting] Have I spoken? Messrs, you have just heard my explanation, right? And each one speaks for himself. They do not talk on some one else's behalf. Did I speak yesterday?

[Question] Then, that speech did not represent the thinking of the Government Junta?

[Matthei] Concerning political issues, each one says what he deems appropriate, as I have just said. I have just given a complete explanation that the speech was not discussed before and that there was no previous agreement at all on it. [end recording]

After the disagreement in the statements, Gen Matthei and Interior Minister Garcia made an attempt to clarify the situation for the press.

Gen Matthei again agreed to speak to the journalists but his statements remained unchanged concerning constitutional changes.

[Begin recording] [Matthei] At this time, I do not want to make any comment on this matter because, in my opinion, that matter must be discussed by a broader circle with, I believe, the president of the republic, with the interior minister and, anyway, before making any statement on this matter we must hold meetings. This matter has not been studied in detail. That is, in general it is felt that changes may take place. Why not? However, we should discuss more concrete points.

[Question] General, Adm Merino does not favor the Armed Forces voting. What is your opinion on this point?

[Matthei] I fully agree. This is not something that should be ascribed to Adm Merino. We all agreed on it when we included this point in the Constitution. We believe that the Armed Forces should not vote in order to prevent them from becoming politicized or being used by politicians. [end recording]

Gen Matthei concluded by stating that he is not a political commentator and that, therefore, he will not make any comments on the statements or speeches made by other people. The political commentator will then have an opportunity to do this.

#### Opposition's Reaction

PY201445 Paris AFP in Spanish 0320 GMT 20 Mar 86

[Excerpts] Santiago, 19 Mar (AFP)--A hot issue today emerged in Chile after the surprising proposal made by Navy Commander Admiral Jose Toribio Merino calling for a constitutional reform to prevent members of the Armed Forces from voting in the presidential elections.

Social Democrat Rene Abeliuk has indicated that the opposition forces are under the impression that Adm Merino's proposal proves that the Constitution approved by the military regime is not an adequate instrument through which to reestablish democracy.

Abeliuk also said that the reform must obviously be of a broader nature than the example given by the admiral.

Christian Democrat Gutemberg Martinez agreed with Abeliuk and added that Merino's proposal is only an insinuation that does not solve the basic problem: the quick and real transition toward democracy.

The opposition recalled that the new Constitution was disapproved of from its beginning because the representative forces of Chilean society did not participate in its study and it was promulgated after a plebiscite in 1980, whose legitimacy was questioned by the majority of political parties and Catholic bishops.

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CSO: 3348/468

CHILE

#### WILLOUGHBY RESIGNS FROM ACTION MOVEMENT

PY201853 Santiago EL MERCURIO in Spanish 19 Mar 86 p C3

[Text] "This is an act of self-denial aimed at creating conditions for better understanding, both in the nationalist and the democratic forces, to produce a broader civic movement that would provide guarantees to the Armed Forces to carry out a fluid transition by changing the current situation, which has a tendency toward polarization."

This is how Federico Willoughby, outgoing president of the National Action Movement (MAN), who, on 17 March officially handed over the MAN presidency to Gaston Acuna, yesterday justified his resignation.

Willoughby said: "I will continue in MAN. I would only join a different and united democratic force if it represented the sectors that advocate order and are willing to reach an understanding with the Armed Forces."

He recalled that when he resigned from the MAN presidency, "I said that I was doing it to enhance the Diego Portales principle of impersonality and the harmful effects of rule by political bosses, who frequently are the vehicle of personal ambition and extreme positions that are against the environment of moderation which Chile needs."

He based his decision "on the need to create an alternative force, through self-denial, identifying itself with the social and civic sectors without party orientation but fulfilling the need to strengthen the presence of a force advocating order, unifying similar sectors due to the exaggerated diversification that is delaying the objectives set down on 11 September 1973 and obstructing the moderate move toward democratic normalization."

He said: "The country wants a civilized understanding emerging from our own needs, and not from foreign pressure, to put an end to the totalitarian behavior of the extreme sectors and to set the regime headed by General Pinochet in a position which, without breaking, can move toward the installation of a civilian government with a congress and an independent judicial branch, which are the basic national aspiration of the 1980 Constitution."

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CSO: 3348/468

CHILE

# CANESSA OPPOSES REVISION OF 1980 CONSTITUTION

PY202335 Santiago Domestic Service in Spanish 1730 GMT 20 Mar 86

[Text] Government Junta member Lieutenant General Julio Canessa has said that it is not appropriate to modify the 1980 Constitution because it has still not been fully applied and because we are living through a phase that is controlled by the transitory articles of the Constitution that will no longer be applicable in 3 years.

Commenting on the speech Admiral Merino delivered on 18 March when dedicating the legislative year, Canessa said that it expressed Merino's own ideas. Regarding the troops' right to vote, Gen Canessa said that this question will have to be studied carefully within the framework of the electoral law.

When questioned whether the political parties law will be issued this year, he replied that this will be possible only when the pending problems that have prevented its approval are solved.

[Begin recording] [Canessa] In my opinion, I do not believe it is appropriate to modify the 1980 Constitution, because it was approved by the majority of the people, because it was drawn up by extremely qualified experts, and because this Constitution has not been fully applied since we are living through a phase controlled by transitory articles. Therefore, I do not think it is appropriate to modify it. Besides, the transitory articles, just as their name indicates, will no longer be applicable in 3 years. Thus, I do not think it is necessary to modify the Constitution.

[Unidentified reporter] General, was the speech discussed by the rest of the junta members?

[Canessa] As I have already stated, the speech contains the admiral's own ideas.

[Reporter] General, do you believe it would be appropriate for the troops to vote in future elections?

[Canessa] This will have to be carefully studied, because it could be decided by the former Constitution, (which stated) that the matter should not be regulated by the Constitution but by the electoral law.

Therefore, this has to be studied carefully, and there is enough time to do so. Thus, I do not think it is appropriate to start discussing this issue now.

[Reporter] Anyway, this issue could be subject to revision?

[Canessa] Everything in life is subject to revisions. All human things can be modified, as long as we are alive. So, it is possible a modification will be made, but it is also possible one will not be made.

[Reporter] General, do you believe that the law on political parties will be issued this year?

[Canessa] It is intended to issue it once the existing problems that have prevented it from being approved are solved. [end recording]

Gen Canessa made these comments after dedicating the 4th legislative commission's 1986 legislative year in the 7th hall of the Diego Portales building.

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CSO: 3348/468

CHILE

PDC CHALLENGES GOVERNMENT TO TV DEBATE

PY241822 Madrid EFE in Spanish 1600 GMT 23 Mar 86

[Text] Santiago, 23 Mar (EFE)--The Christian Democratic Party (PDC) today released a statement challenging the government of General Augusto Pinochet to hold a television debate "face to face with the people."

The challenge is the PDC response to repeated attacks conspicuously made against the PDC and PDC President Gabriel Valdes. These attacks, which have been disseminated by the official media, were originally attributed to a "high-ranking governmental source" but now have been attributed to Minister Secretary General of Government Francisco Javier Cuadra himself.

The PDC statement notes that "once again we challenge Mr Cuadra and the government to discuss over the television channels their arguments and our arguments, face to face with the people, because we have absolute confidence in our people's wisdom."

The communique states that "the moral quality of Mr Cuadra's attacks is demonstrated by his using and abusing the control the government exercises over the majority of the mass media, especially the monopoly being exercised over the television."

The PDC states that "this is a special feature of a dictatorship."

"The uncontrolled attacks and disqualifications made by the government and government officials confirm and strengthen our democratic, peaceful, and liberty-seeking political proposal. We propose a united fatherland for all Chileans, and we will continue resisting the efforts being made to keep Chileans divided between friends and foes," the PDC adds.

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CSO: 3348/468



CHILE

LABOR MINISTER DENOUNCES BOYCOTT OF INVESTMENTS

PY260230 Santiago Domestic Service in Spanish 1630 GMT 25 Mar 86

[Excerpt] Chilean Labor Minister Alfonso Marquez de la Plata has charged a group of Chileans with trying to boycott abroad foreign investments in our country. The minister made this charge on his arrival at the Santiago International Airport from Canada, where he attended the 12th ILO Conference. Regarding this fact, Marquez de la Plata said that if no investments are made in productive sectors, everyone will be seriously harmed, particularly the workers.

[Begin Marquez recording] If there are no investments, and no new activities are created, the workers are greatly harmed. Therefore, I believe that although anyone can legitimately oppose the government, it is immoral to try to paralyze the country, to attempt to stop the country by sabotaging investments that could be made in the country. [end recording]

The minister voiced anger over this attitude on the part of bad Chileans who are thus hindering the growth of the country.

[Begin recording] [Marquez] This is something that has deeply upset me because I believe that anyone is free to do as he pleases, but in his effort to seize power no one should harm his own country.

[Question indistinct]

[Marquez] Exactly, I will report it to the president of the republic because I have very complete and precise details on that, and then we will be able to discuss the subject.

[Question] What measures could be adopted in this respect?

[Marquez] Well, first of all I believe that there should be a moral sanction by all Chileans, because I think it should be known that these people are knocking at the door of all governments, and are distorting the truth about our country to discourage investors with this kind of talk. It is well-known that all countries, including communist nations, receive foreign investments. Therefore, under any government, our country will always need foreign capital.

We have human resources but lack capital. This capital will always be made up of domestic savings and of external savings, through foreign investments. Therefore the attitude of these Chileans is undoubtedly, absolutely, completely condemnable. [end recording]

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CSO: 3348/468

CHILE

# MRS PINOCHET COMMENTS ON HUSBAND'S POLITICAL FUTURE

PY272114 Madrid EFE in Spanish 1443 GMT 27 Mar 86

[Text] Santiago, 27 Mar (EFE)--The wife of President Augusto Pinochet has stated that her husband has decided to leave the government in 1989 if "the people turn him down" in the plebiscite over the continuation of his mandate.

Lucia de Pinochet said her husband would be willing to step down "when his term of office ends if the people do not accept him in the 1989 plebiscite."

Talking to Santiago-based journalists, Lucia de Pinochet said that Pinochet "will continue fighting" even "if he stops being president tomorrow." General Augusto Pinochet has governed Chile since the 1973 coup d'etat.

Under the 1980 Constitution, the Pinochet transition government will end in 1989, and then the Junta of Commanders in Chief of the Armed Forces must propose the name of a candidate to succeed him for the next 8 years. Only if the people do not accept the candidate proposed by the Junta, will there be direct elections for the nation's president in 1989.

Should that be the case, Gen Pinochet, according to his wife, will neither stay home with his arms folded nor will he take another public post, such as a ministry, because it would befit someone who had been president of the nation." [quotation marks as received]

In the words of Lucia de Pinochet, "there are many ways to fight; one of them is writing, and he (Gen Pinochet) has a great deal of experience to share with the youth."

Mrs Pinochet asked the opposition "to be a little more objective; not to disregard the good aspects of the government, focusing only on the bad aspects; and not to resort to disrespectfulness and slander in acting as adversary."

She ended by urging supporters of the Chilean military regime "to get organized quickly," before "they find themselves overtaken by events, because this would be bad for everybody."

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CSO: 3348/468

CHILE

BRIEFS

MARCH TO CEMETERY 'REPRESSED'--The Chilean police harshly repressed the participants in a march that was going to the Santiago cemetery and that was led by the widows of three opposition leaders who were assassinated last year and whose killers have yet to be punished. The widows of Jose Manuel Parada, Santiago Natino, and Manuel Guerrero arrived at the Santiago cemetery accompanied by approximately 400 people carrying floral wreaths and placards with slogans criticizing the military regime. Jorge Pavez, president of the Chilean Teachers Association, said in a speech that one year has passed since the assassination of the opposition leaders and justice has yet to be done. The assassins freely move about in the streets, he added. The bodies of Parada, Natino, and Guerrero were found near the Santiago airport on 30 March 1985, one day after they were kidnapped in the street by an armed group that openly carried out the action in front of witnesses. [Text] [Havana International Service in Spanish 2300 GMT 30 Mar 86 PA] /12913

POLICE DISPERSE DEMONSTRATORS--Santiago, 28 Mar (AFP)--The local police today used teargas and water hoses to disperse an opposition meeting outside La Moneda Palace. The demonstrators were led by the widows and relatives of communist leaders Jose Parada, Maneul Jose Guerrero, and Santiago Natino, who were murdered one year ago. Three members of the Carabienros were first included in a court inquest regarding this triple murder, but many of the suspects were released later and so far, no one has been charged. Parada, Guerrero, and Natino participated in compiling information on a police-military commando group that had executed many opponents of the military government of General Augusto Pinochet in the 1970's. All three of them were found dead with their throats cut in a deserted site outside Santiago. Relatives and dissidents today marched through the plaza outside the government palace and laid flowers and placards near pictures of the murdered leaders. The demonstrators were later dispersed by a large heavily armed group of policemen. [Text] [Paris AFP in Spanish 0129 GMT 29 Mar 86 PY] /12913

ECONOMIC INTEGRATION PROGRAM TESTED--Santiago, 5 Mar (EFE)--A total of 14,000 tons of Argentine steel bound for the PRC is being shipped from the Chilean port Antogagasta. Eugenio Concha, agent of the Metalmar Enterprise stated that this is a pilot operation within the framework of the economic integration program between Argentina and Chile after the Peace and Friendship Treaty signed in 1984. [Summary] [Madrid EFE in Spanish 0018 GMT 5 Mar 86 PY] /12913

JOURNALIST RELEASED--Santiago, 20 Mar (EFE)--Opposition Chilean journalist Fernando Paulsen was tonight released on bail, on orders from a military court, after being held in prison for 3 weeks. Paulsen, information chief of the publication ANALISIS and correspondent of the U.S. weekly TIME, is being tried by a Chilean military court for insulting the police. Paulsen reportedly committed the crime of using the word "murderers" last August in a publication related to the trial of several police officers for the kidnapping and murder of three communists 1 year ago. The police, who were on trial, have been released on bail for lack of evidence. [Text] [Madrid EFE in Spanish 0424 GMT 21 Mar 86 PY] /6091

DEMOCRATIC SECURITY MECHANISM PROPOSAL--[Monitored in progress]...concerns all Chileans, including the military men. Quote, I believe that the members of the Armed Forces will responsibly think over the need to listen to the opinion of the international community which, today, more than ever, plays a key role in the life of the countries, unquote. The Christian Democratic leader added that through domestic efforts and this international understanding, we, all Chileans, will reach agreement soon. Valdes added that the goal is to achieve such an agreement as soon as possible, thus permitting the restoration of an orderly democracy, one of concerted efforts, in which human rights are strictly respected and liberties may be exercised. Valdes, a former foreign minister in the Frei administration, said that Haiti and the Philippines, especially this latter country, provide a clear view for Chile, namely on the need for unity of the democratic opposition. In statements made in Rome, Gabriel Valdes today said that, after democracy is restored in Chile, a mechanism of democratic security, especially for South America, must be created in Latin America. This mechanism would involve an agreement between governments and democratic parties, preventing our countries from again falling into dictatorships, which were so commonplace in the 1970's, Gabriel Valdes stated. [Text] [Santiago Radio Chilena in Spanish 1700 GMT 19 Mar 86 PY] /6091

CSO: 3348/468

COLOMBIA

INTERNATIONAL RESERVES UP \$425.4 MILLION IN 1985

Bogota EL TIEMPO in Spanish 8 Feb 86 p 4-B

[Text] As of the end of December 1985, the balance of the country's foreign reserves rose to \$2,312,800,000 compared to \$1,887,300,000 in December 1984. This reflects an expansion of \$425.4 million.

The Department of Economic Research at the Bank of the Republic released the 1985 figures for the principal accounts of income and outlays in the balance of trade. The former increased substantially, by about 25.8 percent, while outlays in foreign exchange were reduced by 21.1 percent.

Investment in the oil sector rose significantly, exceeding \$200 million. Hydrocarbons purchases declined.

Current income totaled \$4,428,600,000 last year, compared to \$3,518,000,000 in the previous year. The income corresponding to reimbursements for exports totaled \$2,828,500,000, a 13.8-percent rise. Coffee exports generated reimbursements of \$1,575,700,000, 10.5 percent higher than the 1984 figure. Those corresponding to non-traditional goods amounted to \$1,252,800,000, a jump of 18.1 percent.

The Bank of the Republic's sales of gold for industrial use totaled \$408.3 million, a 30.7-percent boost, while foreign exchange income from investment in oil prospecting and drilling totaled \$217.8 million. Income from services and transfers soared 57.8 percent to \$974 million.

The Bank of the Republic indicates that current outlays, which total \$2.286 billion, declined by 21.1 percent below the corresponding figure for 1984. Spending on the refining of petroleum and natural gas fell by 31.4 percent, to \$301.3 million. Outlays to pay for imports fell by 34.3 percent, for a total of \$2,252,600,000. Expenditures for services and transfers amounted to \$1.732 billion, a 2.2-percent decline.

The exchange balance finished up the year with a current account surplus of \$142.7 million, and the net movement of capital yielded a balance of \$282.7 million. Gross international reserves were up \$425.4 million during the year, reaching a total of \$2,312,800,000.

## COLOMBIA

### RECORD EXPORTS OF 6 BILLION PROJECTED IN 1986

Bogota EL TIEMPO in Spanish 17 Feb 86 p 3-A

[Text] This year Colombia's exports will total about US \$6 billion, a record in the country's foreign trade, according to official sources.

The unexpected growth in sales of Colombian products abroad will be strongly influenced by the coffee bonanza, which will bring in at least \$3.2 billion in foreign exchange this year, according to the government's own figures.

But hydrocarbons and coal exports will also be reflected in that increase, as will the increase in the so-called "lesser exports."

The government's maximum projections indicated that the country's total exports would be worth just over \$4.65 billion. If the additional \$1.6 billion in windfall coffee earnings is added to that, the value of sales abroad exceeds \$6 billion.

It is believed that this figure may be lower because of the fall in hydrocarbons prices (exported crude oil and fuel oil) and coal prices as a result of the downward trend in the worldwide prices for these two products.

Coffee will earn the country \$3.2 billion; lesser exports will bring in at least \$1.6 billion, according to the growth rate projected for them; hydrocarbons will earn approximately \$500 million, coal another \$300 million, and gold \$250 million more.

The most optimistic estimates of the economic team placed foreign sales of coffee alone at \$1.8 billion this year. Last year coffee brought in \$1.6 billion for the country.

An official report on overall Colombian exports in 1984 indicates that they amounted to \$3.173 billion, the highest figure in the last 5 years.

The lesser exports contributed to that increase by climbing 19.2 percent, from \$1.144 billion in 1984 to \$1.364 billion in 1985, as a result of the series of policies and stimuli the government implemented for these exports.

Now, as coffee is driving up foreign exchange earnings substantially, the policy of promoting lesser exports will not be dismantled, but rather will remain in full force.

The performance of overall exports in the country this year will set a historical record, and the increased influx of dollars will also be reflected in more availability of foreign exchange to pay for imports.

For the time being, reimburseable imports, which require drafts to be sent abroad, have been budgeted \$3.6 billion. That amount will be raised soon. The initial official figures calculated that imports would reach a maximum value of \$4.5 billion in 1986, but that amount will be surpassed by far.

These prospects will also be reflected in the country's balance of trade, which will yield a large surplus after years of deficits. Last year was the first time a positive result had been obtained in this area. For 1986 the government had estimated a surplus of \$150 million in the balance of trade, but the coffee windfall will boost that figure much higher.

The following chart, compiled by the Colombian Foreign Trade Institute (INCOMEX), shows the trends in Colombia's overall exports since 1980. As can be seen, in 1980 the total was nearly \$4 billion, and that figure was used as a reference point to highlight the increase that took place in 1985:

	(2) Var. %		Var. %		Var. %		(1) Valores US\$ millones		Var. %		Var. %	
	1980	1981	81/80	1982	82/81	1983	83/82	1984	84/83	1985	85/84	85/84
(3) Total exportaciones	3.987	3.004	-24.7	2.999	-0.2	2.738	-8.7	3.043	+11.1	3.347	+10.0	
(4) Café	2.374	1.394	-41.3	1.615	+15.8	1.525	-5.6	1.774	+16.3	1.809	+2.0	
(5) Menores												
(6) Sin ajustar	1.613	1.610	-0.2	1.384	-14.0	1.213	-12.4	1.289	+6.6	1.538 <sup>a</sup>	+21.2	
(7) Ajustadas	1.438	1.463	+1.9	1.210	-17.3	1.080	-10.0	1.144	+5.0	1.364	+19.2	
(8) * No incluye reexportación de aerodino por US\$ 54.5 millones.												
** Cifras provisionales (9)												
(10) † Incluye exportaciones menores SEIC sin reintegro.												
(11) ‡ Se excluye registros de exportación de cueros crudos de bovino por US\$ 10 millones.												

Key:

1. Value in billions of US\$
2. % Change
3. Total Exports
4. Coffee
5. Lesser
6. Not adjusted
7. Adjusted
8. \*Does not include reexport of Aerodino for \$54.5 million
9. \*Provisional figures
10. † Includes SEIC lesser exports without rebate
11. ‡ Excludes records of raw cowhide exports for \$10 million

8926

CSO: 3348/445



COLOMBIA

# GOVERNMENT ANNOUNCES 1986 GOAL OF 5 PERCENT ECONOMIC GROWTH

Bogota EL TIEMPO in Spanish 22 Feb 86 p 8-A

[Text] The government announced yesterday that it has implemented a macroeconomic program aimed at achieving a 5 percent growth rate and an inflation rate no higher than 23 percent in 1986.

This was announced by the chief of national planning, Cesar Vallejo Mejia, at the end of the meeting of the National Council for Economic and Social Policy (CONPES) at the Casa de Narino.

The official added that the program calls for the continuation of the fiscal belt-tightening the government has been practicing in recent years.

Finally, he noted that the program is oriented toward stimulating investment and employment while maintaining monetary discipline so that the money supply will not grow excessively.

"In other words, we foresee an expansion of the economy that will benefit the real sector and will not be cancelled out by merely monetary growth," stated Vallejo Mejia.

On the other hand, Minister of Development Gustavo Castro Guerrero indicated that the unemployment index, which was pegged at 14.7 percent last September, dropped to 13.1 percent this January.

He also explained that in its meeting yesterday CONPES approved the directives that will be followed concerning policies in the industrial and external sectors.

"I can tell you that the measures we have been taking fit within the approved plan, and this is exactly the same one we have been following all along to protect national industry and national labor," asserted the minister.

He explained that it was revealed during yesterday's meeting that the prospects for this year are truly heartening.

Indeed, he noted, one topic of discussion was the survey that the National Association of Industrialists (ANDI) has just conducted throughout its sector.

It revealed that 60 percent of industrialists are satisfied with the results obtained.

Meanwhile, the director of national planning announced that a very rigorous policy of import and export management will be pursued in the external sector, in keeping with the new circumstances. The aim is to continue deregulating capital goods, raw materials and intermediate goods, and to impose strict import controls.

At the same time, luxury imports will be disallowed, and incentives will be provided for exports through the mechanisms the government has already adopted, based on the equilibrium that has been attained in the country.

"In this way," said Vallejo Mejia, "the macro program calls for continuity in the adjustment process, but now with an emphasis and orientation toward growth with stability. That is what the government proposes."

Referring to the coffee boom, the director of planning stated that the revenues obtained from this source will be totaled after a major adjustment in the real prices paid to the coffee grower, bringing his real income back up to what it was in 1980 and guaranteeing him an increase in the domestic price, in keeping with the rate of inflation.

"After guaranteeing these prices and paying off the debt of the National Coffee Fund, the amount that remains depends on what prices do. But it is expected to be about 210 billion pesos, due to the \$1.4 billion to \$1.5 billion boost in exports," the official stated.

He explained that a third of this share of the coffee windfall will go to the coffee grower himself; another third will be used to bolster the National Coffee Fund; and the final third will also be used to bolster that fund but through soft loans to the national government and the replacement of some public investment funds in the coffee regions.

Vallejo Mejia also stated that the government's social policy strategies this year basically follow the national rehabilitation plan. Investment in agriculture and livestock, education, and health will rise significantly.

He indicated that investment in the latter two areas is expected to amount to 15 billion to 20 billion pesos. "In other programs the investments will be more modest, but they will be geared to the degree of social benefit derived by the different regions of the country," concluded the national director of planning.

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CSO: 3348/446

COLOMBIA

#### AGRICULTURAL EXPORTS TOTAL \$550.3 MILLION IN 1985

Bogota EL SIGLO in Spanish 22 Feb 86 p 10

[Text] Colombia exported a total of 1,569,786 tons of agricultural and livestock products in 1985. This represents a substantial increase over the 1984 figure of 1,376,628 tons.

A report by the Colombian Foreign Trade Institute (INCOMEX) on the performance of exports from the agriculture and livestock sector between January and December of 1985 indicates that the exports were valued at \$530,381,000, a 3.8-percent jump over the \$511,021,000 figure for the previous period.

The \$530.3 million value of agricultural exports was an important component in the total of \$3.173 billion, the highest figure in the past 5 years.

In tonnage, the total of the country's lesser exports, including agricultural and livestock, mining, and industrial exports, was 7,608,077 tons.

#### Products

The same report provides detailed information on trends in the various products. It specifies that banana exports totaled 1,060,212 tons, flowers 57,662 tons, sugar 306,935 tons, short-staple cotton 44,133 tons, long-staple cotton 8,297 tons, black tobacco 12,140 tons, polished rice 67,860 tons, cacao beans 2,922 tons, and lobsters and mollusks 3,186 tons.

Agricultural exports were valued at the following amounts: Bananas \$195.2 million, flowers \$141.4 million, sugar \$38.2 million, short-staple cotton \$52.6 million, long-staple cotton \$11.3 million, black tobacco \$21.9 million, polished rice \$24.5 million, cacao beans \$6.4 million, and lobsters and mollusks \$27.0 million.

The increases are seen in products such as flowers, short-staple cotton, black tobacco, polished rice, and lobsters and mollusks.

The decreases are observed in bananas, sugar, cacao and beef.

## Food Plan

The Agriculture Ministry will implement the National System for Quality Control and the Promotion of Agricultural Products in Colombia beginning in the second half of this year. This system falls under the Food Security Plan.

The project will last 5 years, and its cost will be approximately \$4 million. It will be coordinated by the Technical Regulation Division of the Agriculture Ministry, through a committee made up of the Colombian Agricultural-Livestock Institute (ICA), the Institute for Development of Renewable Natural Resources (INDERENA), the Agricultural-Livestock Marketing Institute (IDEMA), the Cattlemen's Bank, IIT, Colciencias, the National Association of Industrialists (ANDI), the Health Ministry, and the Secretariats of Health of Bogota and Cundinamarca.

Initially it will cover some pilot zones, and then its coverage will be extended to the whole country. The following products will be involved: grains (unhulled rice and white rice for consumption, sorghum, and corn), fruits (mangoes, papayas, oranges, avocados, guayabas, pineapples, melons, and grapes), tubers (potatoes and yucca), oleaginous plants (soybeans), legumes (beans), agroindustrial products (brown sugar loaf, pita fiber, tobacco, cacao, palm oil, cottonseed oil and soybean oil), and oleaginous cakes.

Also included are vegetables such as onions (cabezon and junca or green onions), tomatoes, paprika, and asparagus; animal products such as eggs, beef, honey, leather and milk; and fishing products such as cultured shrimp (raised in captivity), lobsters and fresh fish (not frozen).

In addition to promoting the production of these agricultural and livestock goods in the Foodstuff Center of Bogota (CORABASTOS), studies will be conducted and basic solutions will be sought for the problem of packing and preserving fruits and vegetables. This area is one of the bottlenecks facing the country's agricultural and livestock products.

8926

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COLOMBIA

# 1985 INDUSTRIAL SECTOR PERFORMANCE GOOD FOR 64.6 PERCENT

Bogota EL TIEMPO in Spanish 23 Feb 86 pp 11-A

[Article by German Navarrete]

[Text] In an initial report on the results of the country's economic development in 1985, businessmen affiliated with the National Association of Industrialists (ANDI) repoded that "the general situation in the industrial sector was good for 64.6 percent of them, all right for 33.3 percent, and bad for 2.1 percent."

The results of the opinion poll, which ANDI released to the presidents of the principal companies, were revealed by the president of the association, Fabio Echeverri Correa. He divulged the information in a speech before the Colombian-German Chamber of Industry and Commerce, in an event that was attended by more than 100 businessmen from both countries.

Echeverri Correa, who warned of the urgent need to provide the necessary means to employ more Colombians, reported that "in the last quarter of 1985, 97,000 jobs were created, while 66,800 people entered the labor market."

Addressing FRG Ambassador Georg Joachim Schlaich, Chamber President Edgar Hosie, and Chamber Manager Helfried Roubicek, who accompanied the presidents of German businesses located in Colombia, Echeverri Correa stated that a recent survey of the country's industrial community revealed the following results in the sector's economic performance:

- The real growth of production between January and September 1985, compared to the same period of 1984, rose to 3.87 percent;
- The real growth estimated for the entire year 1985 was 5.00 percent; and
- The decline in employment between January and September 1985, compared to the previous year, was less than 1 percent.

## Causes of Good Results

Explaining the reasons for the industrial sector's good performance in 1985, Echeverri Correa stated that it was made possible by the restrictions imposed

on imports, which enabled national industry to move ahead; the control of smuggling; the increase in Colombian industrial exports; and the reorientation of public spending.

"The improved results in the industrial opinion poll conducted by ANDI provided indicators that revealed the positive development of the industrial sector in 1985. Industrialists described the situation as follows: good, 64.6 percent; all right, 33.3 percent; bad, 2.1 percent."

The sales quotas for 1985 were met as follows, according to the same poll:

1. 27.5 percent of the respondents exceeded their sales quotas for the year;
2. 38.8 percent met between 91 and 100 percent of their sales quotas;
3. 13.3 percent managed to meet 81 to 90 percent of their sales quotas; and
4. 20 percent met less than 80 percent of their sales quotas.

#### 73% of Installed Capacity Used

In showing how inventories of finished goods ended up, the ANDI survey revealed that as of the end of 1985, they were in the following state: high for 23.9 percent of the respondents, normal for 49.3 percent, and low for 26.8 percent.

"The utilization of installed capacity was approximately 73 percent," stated Echeverri Correa.

Turnover in 1985 was rated as follows: good for 63.9 percent of the industrialists, all right for 27.8 percent, and bad for 8.3 percent.

The primary problems that impeded the normal development of the country's industrial activity as of 1985, finally, were the following:

1. Working capital, for 12.9 percent of the industrialists;
2. Demand, for 12.9 percent;
3. Financial costs, for 10.8 percent;
4. Supply of raw materials (national and foreign), 8.6 percent;
5. Costs of components, 7.9 percent;
6. Price controls, 7.2 percent;
7. Imports of equipment and records, 5.6 percent.

Of the industrialists polled by ANDI, 10.1 percent claimed not to have any problems, and 2.4 percent said they had a variety of problems.

The aspects cited by ANDI as most indicative of the national economic situation in 1985 are listed below:

--Inflation was 4 points higher than in 1984;

--The growth in the price index for foods was 62 percent;

--The government was "on target" in its goal for inflation, which had been projected at 22 percent in early 1985. This was achieved, however, largely

by implementing price controls on a wide range of products, and that in turn affected the profitability of businesses;

- In the first months of the year, food prices soared to the point that inflation hovered around 18 percent in the first 6 months of the year; and
- With the entry of products harvested in the latter 6 months of the year and the government's attainment of self-sufficiency on the domestic market with food imports, the rate of price increases was slowed.

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COLOMBIA

# ECOPETROL PRESIDENT ON INVESTMENT PROGRAM, EXPLORATION

Bogota EL TIEMPO in Spanish 24 Feb 86 p 2-B

[Excerpt] The Colombian Petroleum Enterprise (ECOPETROL) will operate with an overall investment budget of 96 billion pesos in the petroleum sector, revealed ECOPETROL President Alfredo Carvajal Sinisterra.

He also reported that Colombia is saving US \$1.50 per barrel on its crude purchases from the oil companies operating in the country, due to the government's recent decision to change the CIF price to FOB. The annual savings resulting from this move will be more than \$64 million per year, approximately.

Carvajal Sinisterra told EL TIEMPO that Colombia's proven and recoverable reserves amount to 1.3 billion barrels, which is enough to meet the nation's demand for the next 14 years. In 1985 those reserves expanded by 200 million barrels as a result of new discoveries.

The president of ECOPETROL indicated that bidding for construction of the central pipeline in Los Llanos was called off, but soon another call for bids will be issued.

Sixty-six percent of the 96 billion pesos budgeted for investment will be earmarked for all of ECOPETROL's activities except for the Cano Limon project, which will account for the rest. Investment in that project is shared with the Occidental company of the United States.

ECOPETROL this year will drill 10 exploratory wells in Los Llanos Orientales and Putumayo. One of them will be in the block called Rio-L, near Cano Limon, where ECOPETROL has great hopes. This area is across the border from the La Victoria deposits in Venezuela.

Carvajal Sinisterra declined to reveal the size of the reserves discovered in the most recent wells in 1985, which have significant potential. They are ECOPETROL's Guatiquia, which yielded 2,365 barrels per day; Santiago-IV of the Lasmo firm, with 2,690 barrels per day from the test well; and Cano Puya, of Occidental, with 1,373 barrels per day. The crude obtained from these wells is between 22 and 29 degrees API.



## Decline in Prices

The official stated that the fall in foreign prices has a minimal effect on Colombia, because it is not selling much oil. Nor has the situation had much impact on interest in prospecting in Colombia.

On the contrary, next Monday three new partnership contracts will be signed. ECOPETROL expects to drill 80 exploratory wells through the partnership system. Nonetheless, its president asserted that if oil prices continue to deteriorate in the long term, there is no doubt that this situation will discourage exploratory activity, not only in Colombia but throughout the world.

As for self-sufficiency, he made it clear that a distinction must be made: The country has indeed regained its self-sufficiency, but ECOPETROL has not, since it must continue buying petroleum.

Colombia has not imported a single barrel of crude oil since last December. But it must continue importing gasoline, because the country's refining capacity is inadequate. Refinery expansions are being planned, however, and self-sufficiency should be achieved in 2 years.

The purchases are offset by fuel oil exports, although the price of this fuel fell to \$13 per barrel. This is supplemented by the crude oil exports that the country has already begun.

Carvajal Sinisterra disagreed with the label "bonanza" to describe the oil situation. "We are modest producers," he said, and indicated that this year the country will save \$500 million on crude imports.

## Venezuela to Refine

He noted that Venezuela may be the country that will refine part of the petroleum produced by Colombia. This process could take place on Venezuelan territory or in the Caribbean. At present Venezuela is managing the Shell refinery in Curacao, he indicated.

The oil that will be sent abroad for refining will come either from Orito (to be transported through Panama) or from Cano Limon. Given the transportation facilities provided by the pipeline, the latter is the likely choice.

Carvajal stated that the enterprise's long-term debt rose slightly last year. It closed the year at \$430 million, compared with \$363.4 million in 1984. The long-term debt, on the other hand [as published], was high: In 1985 it amounted to \$230.3 million, as opposed to \$159.1 million in 1984. This indebtedness grew as a result of the losses, the subsidies, the devaluation, and other factors. The real long-term indebtedness will show up this year, when the "jumbo" credit comes in. ECOPETROL's share of that loan will be \$200 million. Another factor will be the loans taken out to finance the Cano Limon-Covenas pipeline, which has been undertaken through the "turnkey" system. For this reason, these loans have not been reflected in the statistics until this year.

He stated that it is impossible to cut domestic gasoline prices as foreign prices decline. The price of that commodity is still lower in Colombia than in most other countries.

The rise in prices in December represented 28 billion pesos in new income for ECOPEL. A portion that has not yet been determined will go to Resurgir.

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COLOMBIA

## GOVERNMENT PLANS FOR USE OF JUMBO CREDIT, COFFEE EARNINGS

Bogota EL SIGLO in Spanish 28 Feb 86 p 9

[Article by Raul Rodriguez]

[Text] Colombia expects to receive US \$2.660 billion in external resources this year from disbursements on international loans, including the \$515 million from the famous "jumbo" credit. Not all of the funds from that credit will be used, however; the money will be spent only as dictated by the country's real financing needs, taking into account the exchange effects of the coffee bonanza.

"With regard to capital movements, net external financing of \$1.2 billion is expected in 1986, of which \$950 million comprises net credit for the public sector. Disbursements of \$2.600 billion are expected, including the \$515 million jumbo credit. Principal payments will amount to more than \$800 million, and payments on short-term liabilities will total about \$900 million," states the macroeconomic plan that the government has just approved.

Consequently, the Monetary Board has just expanded the foreign exchange budget, which is used to cover external payments other than those for imports. The government has also readjusted, however, and the budget for financing imports will rise slightly more, considering the favorable international reserves situation and the development of the policy of gradually deregulating imports.

As for the balance of services, the government says in its analysis and projections of this indicator that its performance will be determined by financial services, whose deficit will swell by \$70 million this year. "The cause of this deterioration is the interest payments by the public sector. The behavior of the balance of services counteracts the surplus achieved in the balance of trade, and is the source of the current account deficit that is expected to continue for the next few years."

The government, through the Finance Ministry and the statement by the chief of national planning on Wednesday, has made it clear that despite the coffee bonanza and the millions of dollars in foreign exchange that will result, Colombia will still need foreign credit. The amounts of the disbursements, however, are expected to be less than those projected until last year, so of

the jumbo credit that was contracted last year with a pool of international private banks for just over \$1 billion, only \$515 million will actually be used in 1986. The first payment is expected to be received in the next few days, and the funds will be used to finance the final portions of the El Cerrejon mining project and the oil exploration and drilling plans.

The remaining projects and programs that were originally going to be financed with part of that jumbo loan may be speeded up, using revenues generated by the coffee bonanza.

#### Imports

Regarding the repercussions that the bonanza and the greater availability of foreign exchange will have on import policy, the government explains the situation as follows:

"The increased foreign exchange income will facilitate a gradual and selective policy of import liberalization, which will account for 13 percent of the GDP in 1986, excluding petroleum, compared with 12.3 percent in 1985. This new opening is assured by the fact that there are enough foreign reserves to finance up to 8 months of imports, compared with 5 months in 1984."

The plan goes on to state that the prospects for exports for the rest of the decade indicate that the structural change that has been taking place over the past 5 years will become consolidated. Although coffee, thanks to the bonanza, will account for 54 percent of all exports in 1986, in general terms the composition of foreign sales is shifting toward energy exports.

The government's goal is to bring lesser exports up to 30 percent of the total in the medium term, while coffee, along with petroleum and coal, will continue to bolster the upsurge in Colombian exports.

Now, as the government is negotiating with the World Bank to obtain a new loan for more than \$200 million (all of which will be funneled into the agriculture and livestock sector), it has also agreed to proceed with the gradual elimination of the restrictions it has imposed on imports over the last 2 years.

This week, however, Development Minister Gustavo Castro Guerrero clarified that at no time has the government considered dismantling its policy of protecting national industry and labor, and that the strategy of deregulating imports covers raw materials, components and capital goods that are indispensable to the country's productive sectors. It does not mean that goods classified as luxury items or other products manufactured in this country can be imported more easily.

According to the projections for income in the form of foreign credit extended to the government, this year more dollars will leave the country than will enter in credit transactions, given that the payments to service the foreign debt, including both principal and interest payments, will exceed the funds coming in from creditors, including disbursements on loans obtained from both multilateral organizations and foreign private banks. The effect on the

exchange balance, however, will not be so great, given that the positive impact of the trade surplus that is expected to result from coffee exports and new sales of coal and petroleum abroad will be greater yet.

8926

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COLOMBIA

BETANCUR ANNOUNCES AGRICULTURAL PRODUCTION MEASURES

PA211602 Bogota EL TIEMPO in Spanish 19 Mar 86 pp 1-A, 1-C

[Excerpts] Yesterday President Belisario Betancur announced an offensive in favor of agricultural production which will lead to a promotion of industry and employment as a result of the stability of prices and the foreign currency savings. He also proposed that the Cattle Bank return to the country the investments it has abroad.

Among the main announcements, President Betancur stressed the following:

"A. A 75 percent reduction in the rates charged by COLPUERTOS [Colombian Ports Enterprise] for the unloading and handling of fertilizers, urea, pesticides, and seed in both public and private docks through a mechanism that is now being studied: the current rate is \$28 per ton at public docks and \$22 at private docks; the new maximum rate will be \$10, which is equivalent to an average reduction of 2,700 pesos per ton.

"B. Taking advantage of the drop in the international prices of urea, the Agrarian Bank will reduce its domestic price by 2,400 pesos per ton effective this week.

"C. Making use of the flexibility that the law gives the government with regard to tariffs, this week there will be reduction in the customs tariffs on various products of interest to the agricultural sector.

"The fiscal cost of these measures--the reduction of tariffs--will be equivalent to 2 billion pesos per year.

"D. In addition to this reduction, the cost of importing equipment such as irrigation pumps, agrochemical sprayers, sowers, harvesters, and plows and discs will be reduced by totally exempting them from import duties. This demonstrates that the dollars obtained from the coffee bonanza will not be spent on luxury items, but on the capitalization and modernization of agriculture.

"E. In order to continue the elimination of the factors which increase agricultural production costs and which have already fulfilled their stabilizing function, the deposits required formerly to import fertilizers, pesticides, and farm machinery will be eliminated.

"Another area of action is that of the agricultural credits. Law 21 of 1985 was recently regulated. Through it, lines of credit were established for marketing and agroindustry in the agricultural financial fund. The government has already allocated 2.5 billion pesos to finance those new lines to which only agricultural cooperatives and associations will have access.

"To complete the development of Law 21, a guarantee fund will be established for the users of the agricultural financial fund which will serve as guarantor for the farmers and cattlemen."

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COLOMBIA

COMPTROLLER GENERAL'S OFFICE ANALYZES 1986 BUDGET

PA112138 Bogota EL SIGLO in Spanish 4 Mar 86 p 9

[Article by Raul Rodriguez; all figures as published]

[Text] Despite the positive results obtained by Colombia this year in its process of fiscal adjustment, the government will have to keep on with its austerity policy, a plan that is going to affect public investment.

Even if the state's revenues are going to be higher this year, investment is not going to show any real increase because most of the budget money will go to pay the interest on the foreign debt, mainly the country's foreign debt, because of the impact of the major devaluation in 1985, and because the deadlines to make payments on the capital expired.

According to the figures released by the Comptroller General's Office, based on its first analysis of this year's budget, the money to finance investments will be 138.79 billion pesos, which is 35.4 percent less than in 1985; the money to pay the interest on domestic and foreign debts in 1986 will be 170.7 billion, 88.7 percent more than last year.

The Comptroller General's Office later says that the sum assigned to pay the interest is not enough, because of the new deadlines to make payments, the international interest rate increase, and the devaluation percentage being estimated for this year.

Based on these estimates, the Comptroller General's Office says that the amount to be paid for interest this year is going to be 22.02 billion pesos more than the original estimate. Therefore, this year Colombia will use 201.512 billion pesos of its budget to meet these obligations, distributed in the following manner: 135.5 billion pesos for interest and capital on foreign loans; 26.29 billion to make payments on the foreign debt; and the remaining 39.722 billion to cancel the 1984 fiscal deficit.

This means that foreign and domestic debts are taking a larger portion of the budget each year, that public investment is going to be affected. The fact remains that although operational expenses have been reduced, thanks to the government's austerity policy, it still takes more than 60 percent of the state's total resources.



As a result of the coffee bonanza, there will be a new resource which should help reduce the country's foreign debt and also the burdensome obligation that the payment of interest and capital represents every year. The National Federation of Colombian Coffee Growers should pay its foreign debt, which is approximately \$390 million, and using part of the bonanza surplus, the public services enterprises can also lower their indebtedness.

From the nation's budget original total amount for this year, 60.3 percent represents the percentage of the cost of operational expenses, which is 510.7 billion pesos; 18.4 percent, which is 155.47 billion, for public investment; 20.7 percent, which is 201.51 billion, to pay the debt interest; and 0.7 percent, which represents 5.64 billion, for regional expenses.

At the same time, this distribution shows the causes of the country's budget and fiscal problems because the government is forced to allocate a larger sum of its resources to finance the expenditures stemming from the state bureaucracy and to pay large amounts for servicing the public debt. Meanwhile, public investment is the sector that is sacrificed and upon which the austerity policy is implemented.

Thanks to this austerity, the operational expenses have slightly decreased within the total budget in recent years, from 63.3 percent in 1983 to 60.3 percent in 1986. However, the reduction has been greater in public investment, which went down from 24.7 percent to 18.4 percent this year. Meanwhile, servicing the internal and external public debt rose from 7 percent in 1983 to more than 16 percent in 1986.

Within the operational expenses, the central administration's transfers to the decentralized institutions stand out. These have been using a greater percentage of those resources to cover their operating expenses.

Despite the government and the congress' efforts to find the means to prevent an exaggerated increase in these transfers--which are the major cause of the deficit in the national accounts--a large part of the national budget will have to continue to be allocated this year and in coming years to those decentralized institutions.

In any case, the austerity policy has helped so that the initial allocation in the 1986 budget for those transfers has been reduced by 10 percent from 1985 and totals 231.01 billion pesos.

The Comptroller General's Office reports that the biggest sum in the transfers is for the operation of the decentralized institutions. This totals 103.87 billion pesos. This is followed by 88.78 billion in fiscal allocations for health and education, and 49.01 billion pesos from the transfer of the sales tax revenue.

In this way, the government, through a lesser increase in operational expenses, real drops in the investment budgets, and using resources produced by the coffee bonanza, hopes to complete this year the fiscal adjustment process it began with measures to increase revenue. It now hopes to achieve effective advances in the public expenditure sector.

COLOMBIA

BRIEFS

COST OF LIVING RISE--The Consumer Price Index rose by 3.2 percent in February, continuing the high levels recorded in the first month of 1986, when the index reached 3.15 percent. EL ESPECTADOR has learned that food prices and the category known as "miscellaneous" once again had an alarming impact on the inflation rate in February. Other major factors were the cost of tuition and board at schools and universities, text books, and clothing for children and adults. In view of the high cost of living, the government has begun to devise a variety of strategies to hold down price increases. The possibility of importing trucks and tractors is being considered, so that the high cost of transportation will not constitute such a major share of the final prices of goods. The Monetary Board will implement controls to prevent the excessive growth of the money supply, that is, the amount of money in the hands of the public. It will also review all monetary projections that have been made for this year in order to adjust them to the coffee export earnings, estimated at more than US \$3.2 billion. It will be recalled that the family food basket measures the changes in the prices of a fixed set of consumer goods from one month to the next. This basket is made up of an average of 232 goods, divided into the categories of food, housing, clothing, and miscellaneous, according to the survey of income and expenditures conducted by the National Administrative Department of Statistics (DANE). [Text] [Bogota EL ESPECTADOR in Spanish 27 Feb 86 p 11-A] 8926

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CUBA

# PRESBYTERIAN MINISTER ON BETTO BOOK, STATE POLICY TOWARD CHURCH

Havana BOHEMIA in Spanish No 2 10 Jan 86 pp 39-40

[Interview with Rev Hector Mendez by Arturo Chang; date and place not given]

[Text] (AIN)--Sancti Spiritus, which in Latin means holy ghost, is the name of the capital of the Cuban province of the same name situated in the south central part of the country. There Rev Hector Mendez, the president of the Presbyterian Reform Church of Cuba (IPRC) and a member of the Latin American Council of Churches (CLAI) exercises his ministry.

The pastor was kind enough to answer a questionnaire the National Information Agency presented to him on the subject of Brazilian priest Frei Betto's book, "Fidel and Religion."

[Question] From the theoretical and practical point of view, what does this work mean?

[Answer] This book will constitute a constant resource which, while we cannot perhaps imagine it, will be a basic element for anyone who intends or wishes to discuss these issues, so necessary that believers as well as nonbelievers deal with them.

Any revolutionary or person with progressive ideas in Latin America, anyone who simply aspires to have a commitment to his people's struggle of necessity has to be familiar with the contents of this book because it is going to strengthen unity, which also means strengthening the struggle.

The book is going to have a very positive influence because it is the first time a statesman of the caliber of Fidel Castro has focused directly on this issue and has clarified many points that perhaps lend themselves to doubts and confusion, not so much in our country as abroad. We believe that the leader of the Cuban Revolution perfectly defines these standards.

Commander in Chief Fidel Castro, who is a teacher par excellence, a real teacher, sets us an example for everyone in discussing frankly and honestly the problems of religion and believers and their participation in the Latin American process, in the revolution, which will help everyone to better understand our revolutionary process, revolutionaries as well as believers and nonbelievers.

[Question] In the particular case of your church, how do you expect this book will influence believers?

[Answer] The influence is going to be positive. Over the years we have raised many of these issues and we are glad that Commander Fidel Castro has publicly spoken about them, although some issues had been raised on previous occasions on his trips to Chile, Jamaica and Nicaragua and on that of Rev Jesse Jackson's visit to Cuba.

To systematically discuss it now, it seems to us that it is fundamental for us to help particularly believers of the Presbyterian Reform Church of Cuba to better understand the workings of our revolution. We believe that they may understand in practice, but that, as far as theory is concerned, it is a formidable endeavor to help people to understand, to reach an understanding of what our life is like in a socialist country like Cuba, a country that is in a constant state of revolution.

[Question] In the book the theology of liberation is raised. What is your church's position and that of the CLAI in connection with this?

[Answer] The theology of liberation has had a great impact on us and we believe that it is playing a very important role in Latin America. This is why the CLAI has always viewed it with respect. Of course, an international organization of this type never affiliates itself with any given theological current of thought, but we can say that there is great respect and a great predilection for the theology of liberation, not so much a theoretical predilection (it has that too), but a practical one because of the fact that it is an instrument that is in daily use in Latin America by believers to implement everything they do in their commitment to the peoples' struggle.

Perhaps for us in Cuba it has not had so great an impact due to the fact that we live in a country in which -- and it is very important that we say this -- many of the problems raised by the theology of liberation have already been solved.

For the Presbyterian Church of Cuba as well as for the CLAI, for any organization that is interested in serving not only believers, but the people of Latin America in general, the theology of liberation is a necessary instrument and at the same time a true appeal to all Christian sectors immersed in struggles for liberation.

[Question] In your estimation, what is more important for a person today: to clarify his ideas about religious faith or to adopt a consistent position on current problems?

[Answer] Between two poor men, one a believer and the other not, the most important thing is to recognize that they belong to the same group or social class, the poor, exploited people of Latin America and for whom we at no time should have dealt with the problem of religion as the fundamental one. For them at the present time, the fundamental problem is to unite their forces in the search for a better world. The other problem -- an ideological one, if you will -- the

problem of faith, is an issue that can be dealt with when it arises without prejudice to the unitarian way of doing things, which must come first.

It seems to us to be much more important for the exploited people of this continent to have a clear idea of the fact that they are exploited, that they must join forces to achieve real liberation. This is more fundamental than entering into discussions for which there will be a time and a place and which, properly approached, can never result in gaps between **believers** and **nonbelievers**, but will instead strengthen the relation, the frankness, the camaraderie and the readiness to serve and aid one another mutually and will better serve our peoples.

[Question] Getting back to the book, what conclusions do you draw from the fact that everyone in Cuba has been so eagerly waiting for it?

[Answer] It has been so eagerly awaited in Cuba and outside of Cuba due to the fact that people are always **eager** to hear the judgments and opinions of a leader as respected and important as Commander Fidel Castro, in this case, on an issue that has been so manipulated, so maliciously exploited through imperialist propaganda and which has been used by the **enemies** of the Cuban Revolution and the liberation of our peoples.

It is quite important for us to make it clear once and for all that revolutionary Christians and Marxists can work together for a goal, for our peoples to have a better life. Actually, working together for social improvement is an objective that unites Christians and Marxists. This is why it seems to me that the book has been so eagerly awaited.

This book is going to cover a whole era in its examination of believers, religion and at the same time the important role believers have in Latin America.

[Question] Your trips through Latin America have given you an opportunity to have contacts with many believers in the region. How do they view Cuba? How do you think they will receive the book?

[Answer] We traveled frequently in Latin America owing to our responsibilities in the domain of youth ecumenicism until recently and at present in connection with the CLAI and, judging from our contacts with **thousands of believers**, we know that their view of Cuba is often based on the mass communications media, which distort the truth about Cuba.

Many people who are honorable, honest and genuine in their faith and in their dedication to the struggle for popular causes have an erroneous idea of our country, but react **positively** when we explain the truth to them.

We think **the** believers with whom we have had contact in Latin America are people who are open to Cuba, often **misinformed**. But when they are properly informed, they generally become true friends of our country and defenders of the Cuban Revolution and the justness of its actions.

This is why the book will be well received by them.

[Question] The Cuban Revolution has been accused of being opposed to religion. Have you at any time felt this to be so? If it was, what produced the change of attitude? If you felt differently about the matter, what led you to do so?

[Answer] We have not viewed the revolution as an enemy. Historically, there have been tensions and times during which they were greater. However, the revolutionary government was careful not to unleash a campaign against religion. No church has been closed down here: I have been serving as pastor for 20 years and I have never been forbidden to preach or carry out my pastoral work or been prevented from doing so, not even among young people and children.

There were tense moments at the start of the revolution, for which there is a historical explanation, precisely because of their negative attitude, for the lack of understanding of the Christian segments, especially those who belong to the upper classes of the society, the ruling classes, which were not happy with the revolution. Not because the revolution was believing or not, but because it was damaging their personal interests with regulations and laws.

A lack of understanding was produced on both sides. Great efforts were made in those days and we believe that they have produced positive results. It has been a long time since there were relations of understanding, harmony and respect between the church and the state.

[Question] Has your church been bothered by the revolutionary government. Are your faithful persecuted? Are they deprived of their rights? We would be grateful to you if you would reply with concrete examples.

[Answer] There have been times and specific cases in the course of the revolutionary process when they have been -- I don't like the word -- "discriminated against," but certainly a bit deprived of their rights. I would say that this is the fault not only of the revolutionary government, but also of the faithful, we who often haven't known how to occupy our role, our position beside the people. And this had the natural consequence that at one time people automatically thought that a believer was not a person to be trusted.

When many believers betrayed the revolution, they left the country and, when many religious technicians and professional people abandoned the country in its time of greatest need, it made some people think that all believers were the same, that they could not be trusted very much.

On the other hand, sometimes people do not understand us believers and that we have to maintain our opinion that we are believers and at the same time revolutionaries.

It seems to us that there have been cases but, each time we have complained to the government, the leaders of the revolutionary government, the party, the issue has been resolved. This is why we may well say that we have had cases of believers who have been deprived of their rights, perhaps through ignorance, apathy or negligence but, when we have complained, the issue has been resolved. We hope that there will not be situations of this type, but we are explaining that there is a historical basis for this.

[Question] Are you offended because in classical Marxist literature they say that religion is the opiate of the people?

[Answer] To be honest, in the early days of the revolution we were a bit offended, perhaps because of our immaturity, by some Marxist statements about religion. However, the person who first used the statement that religion is the opiate of the people was a Christian, just as was the author of "he who does not work does not eat," which appears in the Bible, uttered by the apostle, Saint Paul.

We believe that religion is the opiate of the people when it turns into something aimed at calming or neutralizing the fighting spirit of the people; then it is like a drug that puts you to sleep.

The theology of liberation expresses a kind of religion, of Christian faith that troubles the enemies of the people because it does not put them to sleep, but awakens them. This is why we believe that, when it is misinterpreted, misunderstood and directed, religion is an opiate. We therefore struggle to see to it that it is not misinterpreted, not poorly applied, but that the Christian faith may become not an opiate, but an awakener, a stimulus for believers to become involved with nonbelievers, with everyone, in a united fashion on behalf of the causes of our peoples.

[Question] What message do you wish to send the believers and nonbelievers of Latin America?

[Answer] The message can be reduced to one word: unity! We believe that believers and nonbelievers must march united, that on this continent where there are huge problems, like the foreign debt, illiteracy and unemployment, we cannot afford to get involved in fights -- because that is senseless -- or sterile discussions -- because they sometimes lead to nothing. It seems to us that now is the time for unity between believers and nonbelievers, all of us united for a common ideal: the repossession of our peoples, the ultimate liberation.

This is the message of the moment, which is a time for taking stock of the situation and for a united march and, as Allende said: We hope that new avenues along which we will make the transition into the future will open for this continent.

11,466

CS0: 3248/244

CUBA

BACKGROUND TO JANUARY COUP IN LESOTHO DISCUSSED

Havana BOHEMIA in Spanish No 5, 31 Jan 86 pp 72-73

[Article by Juan Sanchez]

[Text] In order to explain what has just happened in the little kingdom of Lesotho -- until yesterday, as it were, one of the anti-apartheid governments and today a tense protagonist in a forced subordination to the South African racists -- we must take into account reasons of an internal nature and others of an external nature. In both cases the presence of South Africa must be taken to be the axis about which the entire political and socioeconomic evolution of this little country with scarcely a million and a half inhabitants, nicknamed the "roof of Africa" due to the fact that it is the only country situated throughout its expanse at over 1,000 meters above sea level, has had to turn these past few years.

Historically, Lesotho has always been the weakest link in the chain of independent states in Southern Africa. It can have escaped no one's notice that its stance of open support for the struggle for liberation in the region, its position of rejection of apartheid and, consequently, its progressive role in the United Nations, the OAU and the Nonaligned Countries Movement have been thorns in the side of South Africa. Despite its almost total dependence on South African economic interests -- suppliers of food, medicines, fuel and owners of all of its little neighbor's hotel and tourist facilities -- the Maseru government, headed for some 20 years by recently deposed Prime Minister Leabua Jonathan, had assumed a principled position in favor of Africans and of refugees in particular -- one of the continent's hidden and heart-breaking tragedies. It also maintained an open-door policy despite its diminutive geographical size and material poverty. According to UN data, Lesotho harbors some 11,500 refugees. This fact has earned it the malignant ill will of South Africa, very annoyed by the nickname of "refugee nation" applied to Lesotho in African political circles.

These principled positions were maintained by Prime Minister Jonathan until the bloodless coup that deposed him last 20 February. King Moshoeshoe II, who as chief of state inherited the tradition of resistance from his predecessor who in the past century led the struggle in the mountains against the attacks of the racist white colonists who attempted to "capture" fugitive black workers, has also pursued this policy. That is to say that in Lesotho there has been a strong



historical tradition of solidarity with their African brothers who are fighting for liberation.

Now opposed to this tradition is the other reality of its tremendous economic dependence on South Africa. Let us cite a few examples: The only big company in Lesotho is the South African De Beers Company, which specializes in diamond mining. Most of the goods sold in local stores come from the Republic of South Africa. Almost 150 Basutos work in mines and on farms in the neighboring racist country. This figure represents more than half of Lesotho's active male population, which means that the country's proletariat is being trained to be emigrants who work under contract in quarries and mines, on railroads and for industrial firms in South Africa. The difference being that there they are "workers," while, when they return to their homeland, they become farmers. Unemployment in Lesotho affects 40 percent of the active population. This dramatic reality is turning it into a "repository" of cheap labor for the South Africans' economy. All the hotels are controlled by the South African "Holiday" chain and in a country in which income from tourism accounts for a considerable portion of the budget, we can imagine what this industry represents in the hands of the South African whites.

This nearly absolute dependence has enabled the Pretoria regime "to twist Lesotho's arm" on more than one occasion. Actually, the economic blockade imposed on it by the South Africans since last 1 January has not been the first, far from it. Only this time it lasted long enough to create a critical situation, a really extremely difficult one for Prime Minister Jonathan's government. Practically speaking, the country was brought to the verge of collapse since, shortly before the military coup, it had scarcely enough goods and fuel to "survive" for a few days. The situation had reached the point where the Maseru government appealed to the United States and Great Britain (South Africa's big political and economic buddies) to intervene in the problem. But in both Washington and London they pretended to be as deaf as stones. In the final analysis, Lesotho was not a state that was compatible with the strategy they maintain for the region.

In the midst of this situation the military coup was produced by those factions which, even within the ruling party -- the National Party of Basutoland (PNB) -- supported the policy of "improving" relations with South Africa. Reactionary stances came to be the decisive ones during the last few weeks in the context of the fierce economic blockade imposed by Pretoria and they in fact coincided with those of the opposition to Jonathan which demanded full collaboration with the racist regime.

It is worth noting that in the final analysis both parties represented the lower middle class and interpreted its contradictory interests: some patriotic and nationalistic in nature and others capitulatory and reactionary. These latter interests won out in the end in the ruling party and then the military moved into the foreground, assuming the leading and decisive role in the game of precarious balance. The new government in Maseru appears to be headed by Gen Justin Lekhanye, whom Western news sources describe as "moderate" and "conservative."

After the coup, the top racist diplomat, Roelof F. Botha, immediately declared that his country "would favorably regard any reduction in tension with Lesotho." So, it is to be expected that the new military government in Maseru will institute a "change" of policy with respect to South Africa, the anti-apartheid struggle and the support they have been lending the struggle for liberation in the region. Once these foundations have been laid, it is possible that they will after a while call for "elections" and place at the head of the government a civilian -- a "politician," as the military who participated in the coup say -- with the intention of trying to ease the negative repercussions the barefaced intervention of the South Africans might result in inside and outside the country.

The military coup in Lesotho will not change anything as far as the internal situation in the bastion of apartheid is concerned. The reason for the climate of rebellion that is characteristic of this oppressed people at this time and which disturbs the racist regime is not to be found outside the country, that is, in the independent countries of the region, but in the very system of brutal exploitation of and discrimination against the majority of the population of South Africa. As we can understand, the current crisis, which disturbs the racist regime, is the result of this oppression and the change in course produced in Lesotho will have its repercussions, not weakening -- as Pretoria hopes it will -- but more likely strengthening relations with the other countries in the region and bringing them even closer to one another.

11,466

CSO: 3248/244

MEXICO

BRIEFS

COOPERATION AGREEMENTS WITH EGYPT--Mexico and Egypt have signed cooperation agreements covering commerce, industry, finance, communications, tourism, and transportation. Joint investments in industry and agriculture will also be made. These agreements will become effective on the date agreed upon through diplomatic channels. [Summary] [Mexico City EL NACIONAL in Spanish 19 Feb 86 p 3 PA] /9365

AGREEMENT WITH BRITISH AEROSPACE--British Aerospace, and the Commerce and Industrial Development Secretariat, have signed an agreement for the establishment of a branch of that aeronautical company in Mexico. Mexican authorities are considering the possibility of manufacturing airplane parts in Mexico to serve the internal market as well as for export. No direct investment will be made for the time being; however, the British firm will finance a feasibility study to this end. [Summary] [Mexico City EL NACIONAL in Spanish 19 Feb p 3 PA] /9365

CSO: 3248/277

PARAGUAY

BRAZILIAN PAPER VIEWS PARAGUAY UNDER PRESIDENT STROESSNER

Brazil VEJA in Portuguese 12 Feb 1986 pp 28-29

[Article by Nely Caixeta]

[Text] Maria Lucia Hiriart de Pinochet, wife of Chilean President Augusto Pinochet, arrived a few months ago in Asuncion, capital of Paraguay, in search of a house to purchase. Her interest in the local real estate market has generated suspicions that Pinochet, buffeted by increasing internal opposition to his regime, is now looking for refuge in case he should be deposed. There would be nothing more logical than to choose Paraguay for his eventual exile--after all, the late dictator of Nicaragua, Anastasio Somoza, was warmly received in Asuncion after having been deposed by the Sandinistas in 1979. Governed for almost 32 years by President Alfredo Stroessner, Paraguay is today, along with Chile and Surinam, one of the last holdouts of authoritarianism in South America. Surrounded by democracies, it is the only country on the continent capable of hosting Pinochet without hesitation.

In spite of some signs of political effervescence and the divisions detected recently at the highest levels of the regime--which many Paraguayans attribute to the democratic breeze blowing over neighboring countries--Stroessner, at 73, continues as absolute master of the destiny of Paraguay. In the beginning of this year, the country was shaken by disturbances which included the diversion by authorities in the regime of a billion dollars, and internal shocks by groups already fighting over succession of the president. But Stroessner's word is still law in Paraguay. Any dissident group is immediately repressed. A few days ago, leaders of the Colorado Popular Movement (MOPOCO), a wing which broke with the official Colorado party 26 years ago, were beaten by officials of the political police--the DIPC, Department of Investigations of Central Police--when they began a meeting in a house belonging to one of them, in Asuncion. Since they returned to Paraguay 2 years ago, after a forced exile of 2 and a half decades in Argentina, these opposition politicians have been continuously watched. Meetings of more than three of them at a time are prohibited. "We lived in external exile, but now we are confronting an even more difficult situation--internal exile," complained Waldino Ramon Lovera, president of MOPOCO.

Stolen Cars

Lovera is one of the founders of the so-called National Accord--a plan of gradual redemocratization worked out together with other illegal opposition

parties. A few weeks ago, the Catholic Church agreed to serve as mediator in negotiations undertaken with the government. Until now, however, signs are that Stroessner is not interested in those types of talks. For the government, the situation appears to be fine as it is. Corruption, which in the last 3 decades has turned out to be one of the supporting pillars of the regime, continues to feed enormous fortunes. Contraband is responsible today for two-thirds of total trade in the country.

Twice a year local authorities end up offering, indirectly, an important incentive to Brazilian car thieves who sell their wares in Paraguay. Thanks to a legal artifice called "laundering," the owners of stolen vehicles can legalize the documentation of their cars by simply paying a tax. The Paraguayan government, which censures and shuts down newspapers, also steals books and notebooks of foreign journalists who visit the country. Over the last few decades, the average Paraguayan has learned to live with other rules. The first, for anyone who wants to advance, is to become affiliated with the Colorado party, which numbers within its ranks almost 35 percent of the country's 3.5 million inhabitants.

To be hired for any public position, it is necessary to fulfill that requirement, obligatory even for the police and those aspiring to positions in the armed forces. Another rule is never to speak with foreigners. The Colorado party maintains an efficient network of informants, the pyragues--rabbitfeet, in Guarani--who infiltrate schools, offices, and above all the ranks of taxi-drivers.

#### Unostentatious

Even Stroessner's fiercest adversaries acknowledge the ease with which he has managed to position himself in power practically without opposition. This was due in part to the democratic facade which his regime has always presented. With the exception of a short interval in 1959, the Paraguayan Congress has functioned normally since Stroessner took power in a coup d'etat almost 32 years ago. In that body, opposition is allowed, although rarely does anyone open his mouth to criticize the government. Every 5 years, Paraguayans go to the polls to elect members of Congress and to choose the president of the republic. Elections, overall, are nothing more than a game played with marked cards.

Always protected by the omnipresent machinery of the government and of the Colorado party, not to mention that of the Armed Forces, Stroessner has managed to be elected for seven consecutive terms and appears to be on his way to his eighth presidential mandate in the next election, scheduled for 1988. This time, however, there is a new twist: his permanency at the head of the government is not supported by the entire party. A self-proclaimed "traditionalist" wing supports a civil candidacy. Another group, called "militant," continues to support him.

Discretion is one of Stroessner's qualities which wins him the most points among Paraguayans. He is averse to ostentation, avoiding the traditional image of the Latin American dictator, and is the opposite of other figures among his intimate circle, known for their pompous and extravagant tastes.

A few years ago, one of his sons began constructing a replica of the White House in an Asuncion suburb. Disliking the reactions which this tropical anomaly provoked, Stroessner ordered work on the house to be suspended.

### Nights in the Casino

The personality cult is another pillar of the strategy forged by Stroessner to secure his longevity in power. His name graces everything from the Asuncion international airport to Puerto Stoessner, the city on the Brazilian border next to Iguazu Falls. In downtown Asuncion, over the old Central Bank building, a lighted sign blazes every night with the message, "Peace, Work and Well-Being with Stroessner." On his trips around the country he is invariably surrounded by a formidable security apparatus. Added precautions were taken after the assassination of Somoza, struck by a bazooka shot in an Asuncion street in 1980. Whenever he can, however, Stroessner gets together with a group of friends to play roulette in the casino of the luxury hotel Ita Enramada, on the outskirts of the city, whence he leaves only at the close of betting hours, at 5 o'clock in the morning.

According to the main opposition figures, the survival of the dictatorship is closely related to the support received from Brazil. Liberal governments such as that of Juscelino Kubitschek, leftists like Joao Goulart, and military regimes always cultivate special relationships with Stroessner--outside of its borders, the Paraguayan government does not seem to have ideological biases in the search for friendships and alliances. In addition, common economic interests, such as the hydroelectric project of Itaipu, currently speak more loudly than words. Last week, in response to the request by Chancellor Olavo Setubal, the regime transferred the 67 Brazilian prisoners who were completing their sentences in an unhealthy basement to regular cells in Tacumbu prison. "The fact that President Jose Sarney, who is supported by the Liberal Front, maintains such close relations with Stroessner I consider to be a betrayal of international liberalism," complains Miguel Martinez Yaryes, president of the Authentic Radical Liberal Party, one of the signatories of the National Accord. The opposition, in spite of everything, believes that the Paraguayan border, normally porous to all types of merchandise, later will be open to something highly valued on the continent--democracy.

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CSO: 8142/0862

PERU

# GOVERNMENT SIGNS NEW CONTRACT WITH OCCIDENTAL PETROLEUM

## Details on Contract

PY232207 Madrid EFE in Spanish 1423 GMT 23 Mar 86

[Text] Lima, 23 Mar (EFE)--The Peruvian Government has signed a contract for prospecting and for exploiting oil in the country with the U.S. company Occidental Petroleum. The new contract, which was signed last night after several months of negotiations, includes two service contracts and will be in force for 30 years.

In August 1985 the Peruvian Government rescinded contracts with several companies that were operating in the country as contractors to the State Petroleum Agency (Petroperu). Under the new contract, the oil extracted by Occidental belongs to the government and to Petroperu. Neither the government nor Petroperu will assume any risk regarding the work to be undertaken by the contractor, which has been authorized to prospect for oil in two 1-million hectare lots in the Amazon jungle.

Occidental must invest \$267.5 million in prospecting for new deposits of hydrocarbons in these lots. Of this amount, \$84 million will be invested in the first lot. If petroleum is found, the contractor will have to invest \$52 million more for its exploitation.

Occidental will have to invest \$138 million for prospecting and exploiting oil in the second lot. The initial prospecting effort will consist of \$53 million. If oil is found, \$130.5 million more will be invested for exploitation.

## Belaunde Criticism

PY241329 Paris AFP in Spanish 2221 GMT 23 Mar 86

[Text] Lima, 23 Mar (AFP)--Former President Fernando Belaunde Terry today harshly criticized the signing of the oil contracts with Occidental Petroleum. He said that the Peruvian Government chose the worst moment to sign the contracts because oil prices are very low.

Belaunde, who traveled to Miami, the United States, said that if the Peruvian Government had hired an oil-contract consultant company, it would have advised the government that this was the worst time to sign an oil agreement.

Regarding the reduction in the number of Mirage-2000 airplanes purchased from France, Belaunde said that these negotiations were started toward the end of his administration because of the economic difficulties.

Belaunde expressed satisfaction over the success of the negotiations started by his administration. Afterward, he said that it is too early to announce whether he will be a presidential candidate in 1990.

#### United Left Criticism

Paris AFP in Spanish 2358 GMT 20 Mar 86

[Text] Lima, 20 Mar (AFP)--The United Left [IU] bloc, the second leading political force in Peru, today questioned the draft of a new contract between the U.S. company Occidental Petroleum and the Peruvian Government, claiming that the U.S. consortium will obtain more advantages and more profits than under the previous contract. The IU bloc also criticized the nationalistic administration of President Alan Garcia for not having prompted a technical and political confrontation earlier and, in a statement, voiced the opinion that the state-owned enterprise Petroperu should take over the Occidental operations.

The draft of the contract was published last week and, according to unofficial sources, it will reportedly be signed with the U.S. oil company in late March after the previous agreement with the foreign companies was canceled and the Belco Petroleum Co. operations were ended. The Marxists asserted that from September 1986 until 1991 the Occidental company will reap benefits totaling more than \$300 million and that Peru will actually pay the equivalent of 54 percent of the petroleum's value and not 50 percent as stated by some governmental negotiators.

The IU statement explained that the difference in payments stems from a clause stipulating that Petroperu will purchase from Occidental 100 percent of the petroleum extracted from the oil fields in the northeast jungle areas, paying two rates: 47.7 percent of the barrel's price as a basic rate and 61 percent for the excess.

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CSO: 3348/473



PERU

CONNECTION SEEN BETWEEN DPRK ARMS SALES TO CUBA, PERU

PY151427 Lima EL COMERCIO in Spanish 14 Mar 86 p 2

[Editorial]

[Excerpts] According to a recent news agency report, the DPRK has delivered 100,000 automatic rifles similar to the Soviet Kalashnikov to Cuba. It would seem that this report is of no importance to the Peruvian public, since it deals with a transaction between two Marxist satrapies. If we remember, however, that Peruvian Deputy Interior Minister Angustin Mantilla went to Pyongyang a few days ago to purchase 10,000 similar rifles, it becomes clear that there is a connection between the two events.

The DPRK weapons use 4.45-caliber ammunition with steel cartridges, which are not made in Peru. The Peruvian military factory makes 7.62-caliber bullets with brass cartridges, so new equipment, supervised by North Korean experts, will have to be installed. We should clearly point out that Peru will run a serious risk if it permits communist military advisers in our country, since the North Koreans covertly encourage international terrorism and deliver weapons to subversive groups in various parts of the world; for example, in Central America. It is obvious, then, since the country has a terrorist problem, with the Shining Path in the lead--whose leader Abimael Guzman was trained in Pyongyang--that there is a danger that in the long run those weapons might be used in subversive actions, either through "losses" or other suspicious means.

The DPRK arms sales to Cuba and Peru prove the political nature of the transaction and the danger they may signify for democratic countries like ours, not only because of the negative dependency that it creates for Peruvians but also because of the possibility of the North Korean rifles being used illegally by civilians.

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CSO: 3348/473

PERU

## JOURNALIST OUTLINES TELEVISION CENSORSHIP

PY180143 Lima EXPRESO in Spanish 9 Mar 86 p 2

[Commentary by Cesar Hildebrandt: "The Censorship of 'Encuentro'"]

[Text] It has been a silent takeover. There were no tanks stationed outside the door, there were no uncouth interventors shouting the bad news, there was no expropriation law, and there were no impassioned editorials protecting the event. Everything has been carried out discreetly and efficiently. And, in the end, as in 1971, television is under the de facto control of the government. This time it is under the control of the democratic government of the APRA [American Popular Revolutionary Alliance], of the scrupulous and always smiling government of Alan Garcia.

Instead of tanks it is now debts. Instead of intimidation of journalists it is now terrorism against the owners. Everything is perfectly planned. The president is not contaminated. The role is played by his faithful [Justice Minister] Luis Gonzalez Posada. And, the military men are called upon when the situation demands it. The military men carry out their task with an impassioned vocation and no one can tell whether the threat that was received not so very long ago by the director of a television station came from the government or military script: "We will blow up your antenna, damn it, we will blow up your station on the Morro and let's see who says that it was not terrorists." And, the government knows this. But, it will not admit it.

There are television channels that do not belong to their owners any more. It is a fact that the Popular Bank, COFIDE [Financial Development Corporation], and the Industrial Bank are their main creditors. There are other channels that have to make a very specific clarification regarding temporary admissions [internamientos provisionales]. There are channels that are asking for postponements. All of the channels, all of them, are today collecting abundant funds from the broadcasting of state commercials. All of the channels tremble when faced with official anger. And, when the anger has epaulettes and rude manners--in addition to the government's guarantee--fear turns into terror.

The official pressure, which is generally channelled through Gonzalez Posada where television is concerned, is felt by all news programs on Peruvian

television. This pressure tried to gag "Encuentro" many times. And, I tried many times to make the frightened owners of Frecuencia 2 understand that the task of informing is a moral commitment to public opinion, to the Constitution, to self-esteem, and that the pressure was normal and that no one should give up so easily.

I recall the gross tone with which the manager of Frecuencia 2, Guillermo Riva, a sinister carrier of the most dirty threats, protested in the name of the channel against the interview that I had with Enrique Zileri during an "Encuentro" program. On that program, the publisher of CARETAS made some remarks about the scandalous and frustrated trip of Prime Minister Luis Alva Castro, who cannot be touched by even a whiff of criticism. In this case and because Gonzalez Posada and Alva Castro are occasional enemies, the pressure did not come from the justice minister. But, the fact is that in this government the call for authoritarianism, to Mexicanize the country, uses more than one line of communication. And, I recall the tone with which that same manager of Frecuencia 2 indicated to me that the presence of Deputy Gustavo Espinoza on the "Encuentro" program to speak about the Chapi case could place the program in danger. But, Espinoza spoke, as did Zileri. Just as rightists, leftists, and centrists have spoken on "Encuentro."

The situation could not last much longer. The pressure increased and my resistance was increasingly expressed in tension and bad humor. The alternative was either to continue to be a journalist or to grovel. And everything exploded when they asked me first, and then demanded, that I not touch the topic of Commander Artaza ("Camion"), because the directors of Channel 2 had made "an unbreakable commitment with the Armed Forces not to touch that topic or any other case in which a member of the Armed Forces was involved."

It did not help to say a thousand times that if Commander Artaza were to be thought typical of the Armed Forces, then we would have to review all our standards. Just as it did not help to say that the reportage did not contain a single excess, a single malicious adjective, that it was a serious and factual investigation about the alleged kidnapping and the official silence about the case.

The veto was sustained, and there was nothing more to talk about. "Encuentro" ended as it began: Untainted.

The story and the names do not matter. What is important is to tell the Peruvian people that a process of subjugation of private television and disinformation through it is under way. "Encuentro" is only one of the victims. There are other programs that remain silent or continue half gagged. Not long ago, the talented producer of "Uno Mas Uno," Rodolfo Pereyra, resigned because Fernando Ampuero's important program refused to air a documentary produced by Pereyra. The name of the documentary was "The Missing," and it focused on the actions of the Armed Forces in the Emergency Zone. According to a statement by Pereyra, this veto, which has not been denounced so far, was the result of the same military pressure that helped to end "Encuentro."

I am not bitter or sad or resentful. I did my duty as a journalist; others did their duty as servants. I did not want to remain silent. Others are getting paid to remain silent. I do not want to brag about anything. I only want to say that during the Belaunde government and despite the censoring of "Testimonio," "Vision," and "Conexiones," I never ran into such a sordid atmosphere as that which surrounded the "Encuentro" episode. I was a harsh, unrelenting critic of Belaunde, but I never discovered that he was behind a dark, dirty, and triangular operation intended to erase any expression of opposition from the television screens. I know in fact that Belaunde was not behind my journalistic "accidents." I could not make a similar statement today.

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CSO: 3348/473

15 April 1986

PERU

## TELEVISION STATION REJECTS NEWS AGENCY POOL

PY261623 Lima Panamericana Television Network in Spanish 0200 GMT 26 Mar 86

## [Station commentary]

[Text] Panamerican Television greets with joy the return to Eduardo Cavero of Radio Victoria and Radio Reloj--the latter with its national network of 22 radio stations. The state has accepted the court ruling in the trial it had no chances of winning. These radio stations were seized by the military dictatorship in an attempt to establish the so-called New International Order of Information. Today the state is again trying to make the government news agency ANDINA a participant in this new international order.

The return of Radio Victoria, precisely at the time when a government official decides on our country joining the so-called New International Order of Information, which seeks to put the news under government control, is rather contradictory.

Remarks made by ANDINA President Ricardo Cervera reveal that the repeated meetings of state news agencies are wrongly interpreted as state support for a new order proposed by Marxist countries to UNESCO. Thus, Panamericana Television wants to make the following points very clear:

We respect the plurality of information in the freest possible manner, without accepting official news as being the only truth.

We do not want to continue using the services of a news agency that belongs to a pool managed by Cuba. Therefore, we would rather withdraw out subscription to ANDINA until the government position is clearly explained.

We hope, therefore, that the government will make a statement on this serious problem which commits Peru's position regarding the freedom of expression, which is by no means represented by the so-called New International Order of Information.

In its editorial today, the newspaper EL COMERCIO recalls that for more than 5 years during the military dictatorships, Peru suffered the consequences of the UNESCO-sponsored experiment with seizures of private communications media,

the annihilation of the independent press, and other aggressions. Therefore, the editorial states, we reject the New International Order of Information and Communications, and we are opposed to the Peruvian support for this order, because we are aware of the serious risks it represents. Moreover, we keep waiting for a government statement on this matter of national importance.

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CSO: 3348/473

ST LUCIA

## COMPTON CRITICIZES LEVEL OF AID TO CARIBBEAN

Port-of-Spain TRINIDAD GUARDIAN in English 15 Mar 86 p 5

[Text]

CASTRIES, Mar. 14, Cana — SAINT LUCIAN Prime Minister John Compton has criticised the levels of international aid to the Caribbean.

Mr. Compton was addressing a meeting of the ad hoc committee of the Caribbean Group for Co-operation and Economic Development (CGCED) which was created in 1977 under the sponsorship of the World Bank to co-ordinate external financial assistance to the area.

He said since the group was set up, there had been little if any additional aid flows to the region.

"Indeed in many cases the flow of aid has actually been reduced and its trickle so low that it is virtually lost in the desert sands of our needs."

Mr. Compton told the 16-nation CGCED that the lack of an adequate response from the international community had put severe pressures upon regional institutions which were created to protect political independence and to convert it into economic advancement for Caribbean people.

### Foreign Reserves

The Multilateral Clearing Facility has collapsed and with it much of the Caricom trade, putting severe pressures upon the foreign reserves of some

countries with the attendant crises.

Commodity prices have collapsed, reducing the ability of Government to meet their objectives not only to the international community but to regional institutions, Mr. Compton said.

The clearing facility collapsed in 1983 because of the heavy indebtedness of Guyana, which has serious economic problems, exacerbated by falling export prices.

Mr. Compton said although the islands have struggled to survive, their efforts have been met with indifference and in the case of the OECS countries with expulsion from access to the concessionary funds of the International Development Association (IDA).

"By 1991 we will all go dressed up for the graduation ceremony (from the IDA), with nowhere to go. That is unless provisions are made now to equip these countries with the wherewithal to fill the gap left by this graduation."

Mr. Compton said international donors should take advantage of the current relatively favourable conditions to aid Caribbean nations.

"There are signs of recovery in the leading industrialised countries, oil prices have fallen significantly and this should lead to sustained growth, the fall in interest rates should reduce pressures on foreign reserves. This respite should be used to our advantage," he said.

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TRINIDAD AND TOBAGO

## WEEKES APPOINTMENT TO SENATE SPARKS ROW IN NAR

### Report of Differences

Port-of-Spain TRINIDAD GUARDIAN in English 17 Mar 86 p 1

[Text]

THE EXPECTED appointment of Oilfields Workers' Trade Union (OWTU) leader, George Weekes, in the Senate is causing some conflict among elements in the National Alliance for Reconstruction (NAR).

According to usually reliable sources the choice of Mr. Weekes to replace deceased Senator Nuevo Diaz is a bad one, politically.

The top leaders of NAR refused to be drawn into the controversy, but the source explained that Mr. A.N.R. Robinson, Political Leader, and one of the party's two Deputy Political Leaders, Mr. Karl Hudson-Phillips, were not consulted before the offer was made to Mr. Weekes.

### Political Blunder

Leader of the Opposition Basdeo Panday, the other Deputy Leader of NAR, approached Mr. Weekes with the proposition.

The source said: "It was a political blunder and, make no mistake about it, the PNM is going to make mas' with this piece of folly. Can you imag-

ine Weekes on the same platform with Mr. Hudson-Phillips during the election campaign? No way!

"His politics is not that of NAR. It is all well and good for Mr. Panday wanting to have a good labour spokesman in the Senate, but Mr. Weekes is patently not the man — not on behalf of NAR."

According to reports, Weekes might be sworn in during tomorrow's sitting of the Upper House.

It was reported further that at last Thursday's national executive meeting of NAR, Mr. Panday was asked to explain his choice of Mr. Weekes, but he avoided it by choosing to speak, instead, on the principle of his selection.

Before he could be pressed on the matter, Mr. Panday politely asked to be excused from the meeting and left. It was further pointed out:

"Only time will tell whether Mr. Panday's choice was a wise one, but I can tell you it is not going down well with some people in NAR. And the fact that Mr. Panday did not consult his colleagues before approaching Weekes is most unfortunate, to say the least."



15 April 1986

## Robinson Comment

Port-of-Spain EXPRESS in English 18 Mar 86 p 1

[Article by Ria Taitt]

[Text]

**POLITICAL** Leader of the National Alliance for Reconstruction, A.N.R. Robinson, was consulted on the appointment of Oilfields Workers Trade Union leader George Weekes to the Senate.

According to a release issued by NAR's leader yesterday, Opposition Leader Basdeo Panday "communicated" with him the proposed appointment of Weekes. Robinson said that he stated that his agreement was subject to "certain terms and conditions." The release referred to "a story" carried on Weekes' appointment and added that "there was always the understanding" that

the appointment depended on the outcome of the two separate consultations within the OWTU and the NAR.

"As was to be expected," the release said, "there were different opinions in both organizations."

He stated finally that if Weekes were appointed, he would act in his own right as a spokesman for labour and not for the NAR.

A party source revealed that discussions between Panday and Robinson on Weekes' appointment had been going on since the death of Nuevo Diaz, "but other things were happening in the party, notably the move toward unification."

## Party Ratification

Port-of-Spain EXPRESS in English 20 Mar 86 p 56

[Text]

THE appointment of Oilfields Workers Trade Union (OWTU) leader George Weekes to the Senate to replace the late Opposition labour spokesman Senator Nuevo Diaz will be ratified by the National Alliance for Reconstruction's (NAR) general council this weekend.

This was disclosed yesterday by a party official who said that the matter would have to be ratified by the party before any announcement is made. It was learnt that Weekes has been kept informed of the situation, having accepted the offer to serve on the Senate. The union's general council had voted 17-13 in favour of Weekes' accepting the post.

Under the Constitution, only Opposition Leader Basdeo Panday has the authority to nominate a person to the Senate. Weekes had originally declined nomination when approached by Panday, but he was reportedly coaxed into accepting it by strong elements in the OWTU general council. Weekes will not be representing NAR views in the Senate but those of labour, one report said.

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TRINIDAD AND TOBAGO

NAR, PNM GEAR UP FOR ELECTION; NEW SEATS POSSIBLE

PNM Comments

Port-of-Spain EXPRESS in English 20 Mar 85 p 1

[Text]

AN official of the People's National Movement said yesterday he believes there may be between five and seven new electoral constituencies for the upcoming general election. This opinion, he said, is based on the increase in the number of voters.

The Elections and Boundaries Commission is to present its boundaries report to the Speaker of the House of Representatives by May, when the House will consider recommendations for the re-definition of constituency boundaries.

The Commission is

not yet certain what the final number of voters will be but a new voters' list is to be completed by July 1.

Preparations for the election were expected to be discussed at last night's PNM General Council meeting at Bali-sier House.

The PNM official, who did not wish to be named, told the EXPRESS the party has divided the country into 12 areas for campaign purposes, and representatives of the Elections Committee, headed by Elections Officer Rennie

Matthews, have begun visiting each area in turn to discuss election strategies and verification of the electoral list.

In one constituency alone, the PNM official said, showing the Party's concern over the recent registration update, between 1,500 and 2,000 names are missing.

However, Party groups in each area are being "stabilised" for a smooth transition if electoral boundaries are changed.

Political parties have been assisting the voter registration programme with the blessings of the Commission.

NAR Actions

Port-of-Spain TRINIDAD GUARDIAN in English 21 Mar 86 p 16

[Text]

HIS main challenge: to win the next general elections for his party.

What are the main obstacles in this quest? None really, just some difficulties to be surmounted.

The man speaking was John Humphrey, the National Alliance for Reconstruction (NAR) recently-appointed Party Organiser.

At an informal Press briefing yesterday morning, Mr. Humphrey, member of St. Augustine and the Opposition's shadow Minister of Housing, gave an insight into his duties and how he intend performing them.

Basically his duties are the formation and functioning of party groups, arranging public meetings and to have the party on an election footing.

In this direction he has recruited a team to assist him.

For election manageable purposes, the NAR has divided the country into 15 regions — 14 in Trinidad and one in Tobago.

In keeping with his mandate, Mr. Humphrey is also ensuring that constituencies hold conferences to elect persons to party branches as requested by NAR General Secretary Dr. Deau Tewarie.

### Action Plan

On the splitting up the country into regions — each zone being assigned to an individual to ser-

vice — Mr. Humphrey noted:

"When the candidates are identified they will be brought into the structure of the organisation. He will have an organisational body with clear command linkages so he will have no difficulty in fitting into it."

Also charged with the responsibility of drawing up an action plan for the party, Mr. Humphrey emphasised his work was being done with the overriding factor being that a general election could be called at any time.

Asked when would NAR announce its candidates, Mr. Humphrey replied:

"That will relate to the announcement of the date for the elections. (Prime Minister George) Chambers will try to revive the ghost of Eric Williams this month..."

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TRINIDAD AND TOBAGO

UNIONS PLAN TO JOIN FORCES IN DISPUTE WITH CARONI

Port-of-Spain EXPRESS in English 20 Mar 86 p 56

[Text]

THE Trinidad Island-wide Cane Farmers Association (TICFA) is considering joining with All Trinidad Sugar and General Workers Trade Union (ATSGWTU) to meet with State Enterprises Minister Ronald Williams to discuss the withdrawal of the appeal by state-owned Caroni Ltd against the Industrial Court's wages decision.

ATSGWTU leader Basdeo Panday disclosed this following a meeting with TICFA yesterday at the Rienzi Complex, Couva. The meeting was requested by TICFA manager Wahid Mohammed and the delegation included the deputy manager, Alton Farrell.

Panday said TICFA representatives indicated that they would discuss the joint approach to the minister with the TICFA executive before committing themselves to the meeting. Panday said that TICFA expressed solidarity with the sugar workers' cause but requested that the

ATSGWTU general council consider purchasing farmers' canes on weekends. Panday said that the suggestion would be favourably considered.

The cane farmers explained their problem getting out the 200,000 tonnes of canes still to be reaped. TICFA expressed the view that farmers would suffer "tremendous losses" if the work-to-rule action continues. Panday explained that the sugar workers are still working under 1982 wages and that they are suffering hardships as well. Sugar workers had, in fact, received a nine per cent increase last year following the award by the Industrial Court which was subsequently appealed by the company.

Panday told the farmers that the union was meeting again with the company today to discuss new proposals aimed at resolving the issue. He said if those proposals are accepted, the sugar workers would be instructed to redouble their efforts in order to ensure that all farmers' canes are reaped.